



THE IMPACT OF CAPITAL STRUCTURE
TOWARDS FIRM'S FINANCIAL PERFORMANCE -
EVIDENCE FROM ENERGY SECTOR LISTED IN BURSA MALAYSIA

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DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS MANAGEMENT
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ABSTRACT

Most of the studies found that capital structure is significantly negative with firm's financial performance while there are also studies found different findings. This study investigates the impact of capital structure towards firm's financial performance. The study analyse the energy sector firms that is listed in Bursa Malaysia. Using unbalance panel data, this study have taken 84 observations with the range year from 2005 to 2017. The financial performance become the dependent variables and are measured by using ROE, ROA, and EPS. While the independent variables which is capital structure are measured by using total debt, long term debt, and short term debt. The results of this study shows that total debt is insignificantly negative with all the financial performance. The short term debt is insignificantly positive with ROE and long term debt is insignificantly positive with ROA. However, both long term debt and short term debt have negative relationship with EPS indicates that EPS is not good to be financed with debt and only long term debt is significant with ROE while short term debt does not. This study recommend that firms should use debt to financed their activity since it is insignificant. However, this study also strictly not recommend firms to increase their total debt, which include long term debt and short term debt but only increase one of it as it will not good for their EPS if both were increased at the same time especially long term debt because it is negatively significant with EPS.