



**DETERMINANT OF CAPITAL STRUCTURE ON PLANTATION
SECTOR IN MALAYSIA**

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DECLARATION OF ORIGINAL WORK



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Hereby, declare that:

- 1) This work has not previously been accepted in substance in any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.

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- 3) All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

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ABSTRACT

The selection of the optimum structure of financing sources is one of the most widely analyzed fields of corporate finance governance. Despite that, the existing theoretical models cannot fully explain the selection of capital structure of every company. So far researcher in this field have not reached an agreement on which determinants have the greatest influence of corporate behavior and which of them predetermine financial solutions. The majority of empirical researches carried out up to the present are based on the corporate data analysis of developed companies which are listed on Bursa Malaysia and the findings obtained are rather diverse, which shows that different internal determinants have different effects on financing decisions not only in different companies but in different periods as well.

The study investigates the determinants of capital structure using panel data To establish the strength of impact of the internal specific determinants the multidimensional analysis of correlation between the capital structure indicators and the main determinants, such as return on assets, current ratio, growth and size was employed

This paper attempts to examine the determinant of capital structure specific in Plantation sectors in Malaysia which is analyze from debt ratio (DR) and have effect with selected firm specific namely Return on Asset (ROA), Current Ratio (CR), Growth and Size. This study only focuses on the relationship among variables for six years starting from 2003 to 2008. All the data are gathering from annual report in Bursa Malaysia. The methodology used in this study is STATA application. The researcher used the Ordinary Least Square Test in order to examine whether using the pooled OLS model, fixed effect within group model or random effect model to know the effect of all variable.

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