



UNIVERSITI TEKNOLOGI MARA

**FIRM CHARACTERISTICS AND FINANCIAL
PERFORMANCE: EVIDENCE FROM
MANUFACTURING COMPANIES IN MALAYSIA**

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

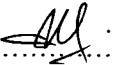
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ABSTRACT

Using the panel data analysis, the purpose of this study is to determine the relationship between firm characteristics and financial performance of manufacturing companies in Malaysia. In this study, data of 30 companies in between the years 2013 to 2017 has been used. The researcher measured the financial performance through the return on assets (ROA) while the firm characteristics used are tangible assets through the ratio of tangible assets to total assets, firm size measured by the total assets, leverage through the ratio of total debt to equity, and current ratio measured by current assets to current liabilities as well as inventory turnover measured by cost of goods sold to average inventory. In this study, the findings are tangible assets and firm size have positively significant relationship towards ROA while leverage ratio has negatively significant towards ROA. Besides that, current ratio and inventory turnover are insignificant relationship towards ROA. The findings will be used to guide manufacturing companies on financial decision in areas of tangible assets, firm size and leverage ratio because these firm characteristics have effects with financial performance.

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