



**WORKING CAPITAL MANAGEMENT EFFECT ON THE
PERFORMANCE OF PLANTATION FIRMS IN MALAYSIA.**

**ERNI SLAVIA BINTI SA'AOM
2013702481**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.**

JUNE 2016

ACKNOWLEDGMENT

Alhamdulillah, thanks to ALLAH S.W.T, the Most Gracious and the Most Merciful for giving me strength on successfully completing this project paper. All the praises and thanks to Him for giving me the times, wills, guidance and strengths during the period of this project. This project paper will not successfully complete without cooperation from many parties. They have contributes a lots in preparing this project paper. I am thankful to many people who provide me the kind assistance or had contributed immensely to the success completion of this project paper in due time.

I wish to express my sincere gratefulness and gratitude to Madam Aidarohani Binti Samsudin who act as my advisor. Special thanks dedicated to the staff of Universiti Teknologi Mara, Shah Alam Library as well as my fellow classmates and friends for their helps, concerns, morals and materials support. I would like to grab this opportunity to express my deepest appreciation for those who had contributed a great deal towards the completion of this project paper. I have learnt much about this subject. I wish to extend my appreciation to my family, especially to my parent for their moral support in completion this project paper. In conclusion, I am grateful to ALLAH S.W.T for his guidance and the continuous good health and wealth which without His blessed I might have not complete this project paper. Thanks.

ABSTRACT

Working capital management refers to management of the current assets and current liabilities. Prior evidence in previous research has determined the relationship between working capital management and performance. Thus, this study objective is to investigate the effect of working capital management on the performance of plantation firms in Malaysia by selected three listed plantation companies in Bursa Saham Malaysia which are IJM Plantations Berhad, Genting Plantations Berhad and IOI Corporation Berhad. The performance was measured in terms of profitability by Return on Assets (ROA) as dependent variables. The working capital was determined by the Cash Conversion Cycle (CCC), Current Assets to Total Assets Ratio (CATAR), Current liabilities to Total Assets Ratio (CLTAR), Debt to Total Assets Ratio (DTAR), Current Ratio (CR). Data are collected from annual data and the period interval from 2000 to 2015 (16 years).

Table of Contents

DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION.....	iii
ACKNOWLEDGMENT	iv
ABSTRACT	v
LIST OF TABLE	ix
LIST OF FIGURE	x
CHAPTER 1.....	1
INTRODUCTION.....	1
1.0 Introduction.....	1
1.1 Background of Study	2
1.2 Problem Statement.....	3
1.3 Research Objective	4
1.4 Research Question	5
1.5 Significant of Study.....	6
1.6 Scope of Study	7
1.7 Limitations of study	8
1.7.1 Data Reliability and Period Constraint	8
1.7.2 Limitation of E-views	8
1.8 Summary.....	9
CHAPTER 2.....	10
LITERATURE REVIEW	10
2.0 Introduction.....	10
2.1 Literature Review from Dependent Variable.....	11
2.2 Literature Review from Independent Variable.....	12
2.2.1 Cash Conversion Cycle (CCC).....	12
2.2.2 Current Assets to Total Assets Ratio (CATAR).....	15
2.2.3 Current Liabilities to Total Assets Ratio (CLTAR).....	17

2.2.4	Debt to Total Assets Ratio (DTAR)	19
2.2.5	Current Ratio (CR).....	20
2.3	Summary.....	21
CHAPTER 3	22
RESEARCH METHODOLOGY	22
3.0	Introduction.....	22
3.1	Sample and Data	22
3.1.1	Population and Sample.....	23
3.1.2	Data Collection	23
3.1.3	Variables	24
3.2	Theoretical Framework.....	26
3.3	Hypothesis.....	27
3.4	Statistic / Econometric Method.....	29
3.4.1	Descriptive Analysis.....	29
3.4.2	Correlation Coefficient (R)	29
3.4.3	Regression Analysis	30
3.5	Tests On Assumption.....	32
3.5.1	Normality Test.....	32
3.5.2	Heteroscedasticity	33
3.5.3	Multicollinearity.....	34
3.6	Summary.....	34
CHAPTER 4	35
FINDINGS/ DATA ANALYSIS	35
4.0	Introduction.....	35
4.1	Descriptive Analysis.....	36
4.2	Unit Root Test	37
4.3	Normality Test.....	38
4.4	Heteroscedasticity Test.....	39
4.5	Multicollinearity.....	40