
**LIQUIDITY CHARACTERISTICS OF LARGE AND SMALL
RUBBER PRODUCTS MANUFACTURING FIRMS
IN MALAYSIA**

**A Paper Submitted to the MARA Institute of Technology
In Partial Fulfillment of the Requirement for
the Advanced Diploma In Accountancy**

**Prepared For :-
ACC 556 (Project Paper)**

**Prepared By :-
NAME : Umi Kalthom bt. Hamdan
ITM NO. :**

**Advisor :-
Mr. Looi Kum Yaw**

15 th. April, 1993

TABLE OF CONTENTS

	Page
Acknowledgement.....	i
Abstract.....	ii
List of Tables.....	iii
 CHAPTER	
1 INTRODUCTION	
Introduction.....	1
Objectives of Study.....	5
Methodology.....	6
Scope and Limitations of Study.....	7
2 LITERATURE REVIEW.....	8
3 DATA COLLECTION.....	16
4 ANALYSIS OF FINDINGS	
Size-liquidity Relationship.....	20
Large Firms : Liquidity Position.....	22
Small Firms : Liquidity Position.....	29
Accessibility and Availability of Finance - Source of Finance and Credit Facilities.....	37
Impact of the Liquidity Position on the Assessibility of Finance.....	41

ACKNOWLEDGEMENT

The writer is grateful to Encik Amir Ilham, System Analyst at Jabatan Penyelidikan dan Perkhidmatan Korporat, Permodalan Nasional Berhad (PNB) and Mr. K.Ragavan, System Analyst at Pusat Rujukan, Ministry of International Trade and Industry for their assistance.

The writer also wishes to acknowledge the Advisor, Mr. Looi Kum Yaw for his advice, assistance and valuable ideas towards the finality of this research paper.

ABSTRACT

The main purpose of this project paper is to study the size-liquidity relationship of small and large rubber products manufacturing firms in Malaysia for the period 1986 to 1990. It also investigates the assessibility of finance for the small and large firms. In addition, it determines the impact of the liquidity position to the firms' availability of finance.

In obtaining the information, analysis of the firms' financial statements was done. Besides, secondary research had been done where magazines, journals, federal publications, recent research and books were referred to.

The findings indicate that size is positively related to liquidity. Large firms were found to be more liquid than small firms. Large firms which usually have more commercial and professional skills and human resources will be more efficient in controlling their liquidity position. The impact of this situation is that large firms have greater access of financing from commercial banks and financial institutions.

LIST OF TABLES

	Page
TABLE 1 - Large firms : Average liquidity ratios and Share Capital	18
TABLE 2 - Small firms : Average liquidity ratios and Share Capital	18
TABLE 3 - Large firms : Comparison of Average Liquidity Ratios to Industry Average	
TABLE 3(a) : Bata (Malaysia) Berhad	27
TABLE 3(b) : Dunlop Malaysia Industries Berhad	27
TABLE 3(c) : Hume Industries Malaysia Berhad	27
TABLE 3(d) : Linatex Process Rubber Berhad	28
TABLE 3(e) : Goodyear Malaysia Berhad	28
TABLE 4 - Small Firms : Comparison of Average Liquidity Ratios to Industry Average	
TABLE 4(a) : Ngai Seng Rubber Industries Sdn. Bhd.	34
TABLE 4(b) : Ngee Ming Shoe Manufacturers Sdn. Bhd.	34
TABLE 4(c) : Kinku Industries (Malaysia) Sdn. Bhd.	34
TABLE 4(d) : Asia Rubber Works Sdn. Bhd.	35
TABLE 4(e) : Der Sheng Rubber Products Sdn. Bhd.	35