



UNIVERSITI TEKNOLOGI MARA

DETERMINANTS OF TECHNOLOGY COMPANIES  
PROFITABILITY : EVIDENCE FROM ACE MARKET BURSA  
MALAYSIA

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## **ABSTRACT**

This study examines the factors affecting technology companies' profitability, such as firm size, liquidity ratio, debt ratio, average collection period and sales growth of firms that are listed in the ACE market of Bursa Malaysia. The sample of this study consists of 21 companies which have complete financial information from year 2016 to 2020. Descriptive analysis, correlation analysis and multiple regression analysis are used to test the hypotheses. The findings obtained by using Eviews Software indicated that return on asset (ROA) has no significant relationship between firm size (FS), debt ratio (DR), and sales growth (SG). However, liquidity ratio (LR) and average collection period (ACP) have a significant relationship on the dependent variable.

Liquidity Ratio and Average Collection Period have a significant relationship on the dependent variable.

**Keywords:** ACE market, Firm Size, Liquidity Ratio, Debt Ratio, Average Collection Period, Sales Growth, Profitability

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

Profitability is a metric that compares an organization's profit to its expenses. Better efficient organisations will make more profit as a percentage of their expenses than less efficient organisations, which will have to spend more to make the same profit. If an organization is able to control their management on making more profit rather than expenses, it can help them to achieve the company's goals and objectives. Given its different goals and reasons, performance, according to Lu and Beamish (2001), is more of a "black box."

Profitability is widely viewed as a necessary requirement for a company's long-term survival and success (Yazdanfar, 2013). One of the most popular topics of discussion among practitioners and scholars, including investors, managers, and debt holders, is which elements affect a firm's profitability. Despite the growing quantity of research concentrating on aspects related to firm profitability, the empirical literature on this topic remains unsolved.

This chapter will cover on background of study, problem statements and including research questions and research objectives. This chapter also will discuss the research hypothesis, significant of study, definition of terms and limitation for this study.