



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF THE PLANTATION
PERFORMANCE FOR SHARIAH
COMPLIANT AND NON-SHARIAH
COMPLIANT FIRM**

**IKHWAN NAFIZ BIN NAZARUDDIN
2019475592**

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ABSTRACT

The purpose of this research is to compare the productivity of plantation firms that follow and do not follow Shariah law. This research focused on the plantation business since it comprises a good mix of shariah compliant and non-shariah finance channels. We used ROA as the dependent variable and Size (Total Asset), Leverage Ratio, and Tangible Asset to Total Asset as independent variables to perform the research (TATA). In assessing the link between dependent and independent variables, Shariah and non-Shariah are compared using panel data from 2017 to 2021. The financial data for Plantation Sector is sourced from Bursa Marketplace's annual report and financial statement. The three independent variables have two significant outcomes: the Leverage Ratio and the Tangible Asset to Total Asset (TATA) with Return on Asset (ROA). Therefore, the success of both sharia-compliant and non-sharia-compliant firms is encouraging.

Table of Contents

AUTHOR'S DECLARATION.....	3
ABSTRACT	4
Table of Contents	5
LIST OF TABLES	7
LIST OF FIGURES	8
LIST OF ABBREVIATION	9
CHAPTER ONE INTRODUCTION	10
1.1 INTRODUCTION	10
1.2 BACKGROUND STUDY	11
1.3 PROBLEM STATEMENT	13
1.4 RESEARCH QUESTION	14
1.5 RESEARCH OBJECTIVE	15
1.6 SIGNIFICANT OF STUDY	16
1.7 SCOPE OF STUDY	16
1.8 LIMITATION OF STUDY	17
1.9 DEFINITION OF KEY TERMS	17
1.10 SUMMARY	19
CHAPTER 2 – LITERATURE REVIEW	20
2.1 INTRODUCTION	20
2.2 NATURE OF COMPANY, SHARIAH AND NON-SHARIAH	20
2.3 RETURN ON ASSESTS (ROA)	22
2.4 SIZE	22
2.5 LEVERAGE RATIO	24
2.6 TANGIBLE ASSET TO TOTAL ASSET (TATA)	25

2.7 SUMMARY	27
CHAPTER 3 - RESEARCH METHODOLOGY	28
3.1 INTRODUCTION	28
3.2 DATA COLLECTION.....	28
3.3 VARIABLES	28
3.4 RESEARCH DESIGN	29
3.5 RESEARCH FRAMEWORK.....	30
3.6 SAMPLING DESIGN	31
3.7 TEST CONSIDERATION FOR DATA ANALYSIS	31
3.8 HYPOTHESIS STATEMENT.....	34
CHAPTER 4 – ANALYSIS AND RESULTS.....	35
4.1 INTRODUCTION.....	35
4.2 DESCRIPTIVE ANALYSIS	35
4.3 NORMALITY TEST – SKEWNESS, KURTOSIS AND JARQUE BERA TEST	43
4.4 ORDINARY LEAST SQUARE (OLS) ESTIMATION – HYPOTHESIS TESTING	48
4.5 SUMMARY.....	53
CHAPTER FIVE CONCLUSION AND RECOMMENDATION	54
5.1 INTRODUCTION.....	54
5.2 DISUCSSIONS	54
5.3 CONCLUSIONS	56
5.4 Recommendation.....	57
REFERENCES	58
APPENDICES	60

CHAPTER ONE INTRODUCTION

1.1 INTRODUCTION

In Malaysia, Shariah-compliant businesses have been established and have grown significantly over the last three decades. Non-Shariah-compliant businesses, which represent the traditional market, are the polar opposite of Shariah-compliant businesses. In accordance with Shariah doctrine, Islam examines the capitalist system in an effort to promote social justice and economic prosperity for society. This involves the execution of Shariah Maqsid (Shariah objective). Overall, economic growth must be included into the understanding of equitable and open entrepreneurship at all levels of Islamic society.

Currently, the majority of investors are seeking the ideal information to evaluate the profitability of firms and guarantee that their portfolio will generate sales and increase their market performance in accordance with Shariah law. To entice investors to invest directly or indirectly in a firm, a company's performance must be strong. It was also utilised to predict the future performance of the company. In addition, the degree of economic activity inside the enterprises influenced their economic success. In this unpredictable atmosphere, when financial crises are occurring all over the world, businesses must develop business possibilities. The majority of investors use financial measures to analyse the success of a business.

The financial ratio is a mathematical tool that provides helpful insights into a company's profitability, solvency, performance, liquidity, distribution, and market value. This financial statement is generated yearly, quarterly, and semiannually by the company's auditing firm. When evaluating the performance of a company using financial ratios, there are two obstacles to consider: differences in accounting principles and processes, and the issue of accounting acquisition and how it might impact both assessment technique and pricing.

In this chapter, I will examine the background of the study, the problem statement, the research question, the significance of the study, the scope of the study, the limitations of the study, the definitions of the study, and a general overview of the performance of Shariah-compliant and non-Shariah-compliant listed firms in Malaysia.