



اُنِيْوَرْسِيْٓتِيْ تِيْكَنُوْلُوْجِيْ مَارَا
UNIVERSITI
TEKNOLOGI
MARA

THE EFFECT OF LEVERAGE AND LIQUIDITY TOWARDS PROFITABILITY OF
PLANTATIONS COMPANIES ON BURSA MALAYSIA

NOORZANA JAHADI

2016689494

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

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NOORZANA JAHADI
UNIVERSITI TEKNOLOGI MARA

Abstract

Leverage and liquidity is the main factor that gives large impact on profitability. The purposes in this research in order to know the relationship between leverage and liquidity towards profitability of plantation sector firms with period 2010 until 2017. The variable examined in this research is current ratio (CR), quick ratio (QR), and leverage as the independent variables and the return on asset (ROA) as the dependent variable. The collection from secondary data was done taking it from data stream of plantation sector data listed on Bursa Malaysia Stock Exchange during the period 2010 until 2017. Whereas only 35 firms within 43 firms under plantation sector was selected. The result showed significant negative relationship between leverage towards profitability measured by return on asset (ROA). However, there is significant positive relationship between liquidity measured by current ratio towards profitability. Hence there is negative relationship between quick ratio towards profitability measured return on asset.

Keyword: *leverage, liquidity, profitability, plantation industry*