THE DETERMINANTS OF PROFITABILITY: A STUDY OF LISTED CONSUMER PRODUCTS AND SERVICES COMPANIES IN MALAYSIA

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ABSTRACT

A number of selected firm factors have been studied by many researchers and academicians to understand the determinants of firm profitability. The purpose of this study is to investigate the relationship between selected companies' factors affect profitability of listed consumer products and services companies at Bursa Malaysia. The regression of analysis is based on the Pooled Ordinary Least Square Method (POLS) comprising 200 observations of 20 consumer products and services companies from the period 2008 to 2017 in order to determine the firm factors of liquidity (current ratio), firm age (FA), growth (G), and firm size (FS) with the return on asset (ROA) of listed consumer products and services company profitability in Malaysia. The study incorporates 20 companies that involving with Shariah compliant activities. The study evidenced that the only variables that were statistically significant were liquidity and firm age and the other two variables that were not statistically significant were namely growth and firm size. Though firm size and liquidity were positively related to firm profitability and growth and firm age was the only variables that was negatively related to firm profitability. The study recommends to the management to focus efforts on those variables that positively affect their long run profitability.