

**THE EFFECT OF CAPITAL STRUCTURE AND FIRM SIZE TOWARDS  
COMPANIES PROFITABILITY: EVIDENCE FROM OIL AND GAS  
INDUSTRY IN MALAYSIA**

**FARDY BIN HARIS**

**2014248756**

**Submitted in Partial Fulfillment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Business Economic)**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITY TECHNOLOGY MARA  
KOTA KINABALU**

**December 2016**

## **ACKNOWLEDGEMENT**

First and foremost, I would like to express my highest gratitude to Allah S.W.T for His guidance, bless and for giving me the strength to complete this Final Year Project Paper within the stipulated time.

I would sincerely like to thank to my advisor, Mrs. Rainah Ginsad for the knowledge and guidance to complete this final year project paper since the early days. Thank you for the continuous supports, supervision and motivations. You always gave us views and perspective through advices and making correction where we have gone wrong. Your encouragement helps us through this project.

Secondly, I would like to thank to Dr. Aziz Bin Karia for teaching us the Research Methodology subject and also to all lecturers of UiTM Sabah. Without their knowledge and guidance, I would not be able to finish this project paper.

Last but not least, thanks to my family and friend who are always supporting and showing their willingness to help in realizing this project paper. Thank you to all of you that involved direct or indirectly to make sure this paper completed smoothly.

## TABLE OF CONTENTS

	PAGE
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF FIGURE	ix
LIST OF TABLE	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>
	1.1 Introduction 2-3
	1.2 Problem Statement 4
	1.3 Research Objective 5
	1.4 Significant Of Study 5-6
	1.5 Scope And Limitations 6

<b>CHAPTER 2</b>	<b>THEORY AND LITERATURE REVIEW</b>	
2.1	Introduction	7
2.2	Literature Reviews	8-16
2.3	Theory used in the study	16-17
2.4	Conceptual Framework	17
	2.4.1 Profitability	17-18
	2.4.2 Capital Structure	18
	2.4.3 Firm Size	19
2.5	Summary of Chapter	19
<b>CHAPTER 3</b>	<b>DATA AND METHODOLOGY</b>	
3.1	Introduction	20
3.2	Data Collection	20
	3.2.1 Data Sampling	20
3.3	Data Processing	21
3.4	Empirical Formula	22
	3.4.1 Multiple Regressions	22-23
3.5	Measurement of Variables	23
	3.5.1 Dependent Variable	23
	3.5.2 Independent Variable	23-24
3.6	Data Estimation Procedures	24
	3.6.1 Panel Data Analysis	24-25

## **ABSTRACT**

The objective of this study is to analyse the significant and positive,negative relationship of the capital structure and firm size toward profitability of oil and gas companies in Malaysia by using panel data method, the data involved the companies in the stock exchange ( Bursa Malaysia) of Malaysia from 2009 to 2015.In this study three variable are used where profitability used as dependent variable and capital structure and firm size are used as independent variable.To analyze the results of research, software Stata 12.0 is used.Result from the study shows that capital structure have a significant positive relationship with profitability.Meanwhile firm size have an insignificant relationship toward profitability of the oil and gas companies in Malaysia.