



THE EFFECTS OF CAPITAL STRUCTURE AND PROFITABILITY IN
PLANTATION SECTOR: EVIDENCE IN MALAYSIA

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TABLE OF CONTENT

TITLE OF PAGE	i - iii
DECLARATION OF ORIGINAL WORK	iii
LETTER OF SUBMISSION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi - viii
LIST OF FIGURE	ix
LIST OF TABLE	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xiii
CHAPTER 1: INTRODUCTION	
1.1 Background of Study	1 – 2
1.2 Problem Statement	2 – 3
1.3 Research Objectives	3 – 4
1.4 Research Questions	4
1.5 Significant of study	4 – 5
1.6 Scope and Limitation of study	5 – 6
1.7 Organization of study	6 – 7
CHAPTER 2: LITERATURE REVIEW	
2.1 Introduction	8
2.2 Theory of Study	8 – 9
2.2.1 Modigliani and Miller Theory	
2.3 Literature review	
2.3.1 Determinant of return on asset	9 – 10
2.3.2 Short-term debt	10
2.3.3 Long-term debt	10
2.3.4 Total debt	10
2.4 Conceptual framework	11
2.5 Conclusion	12

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction	13
3.2 Data	13 – 14
3.3 Data Description	15
3.4 Empirical Analysis Formula	16
3.5 Research Hypothesis	14 – 15
3.6 Data Analysis	
3.6.1 Descriptive Statistic	16
3.6.2 Stationary Test	17
3.7 Estimation Model	
3.7.1 Poolability Model	17
3.7.2 Hausman Test	18
3.7.3 Fixed Effect Model	18
3.7.4 Random Effect Model	18
3.8 Diagnostic Check	
3.8.1 Multicollinearity Test	19
3.8.2 Heteroscedasticity Test	19
3.8.3 Serial Correlation	19
3.9 Conclusion	20

CHAPTER 4: FINDING AND ANALYSIS

4.1 Introduction	22
4.2 Descriptive Statistics Test	23 – 24
4.3 Result of Stationary Test	21
4.4 Result of Pool Ability Test	24 – 25
4.5 Correlation coefficient test	25
4.6 Diagnostic Test	
4.6.1 Multicollinearity test	26
4.6.2 Serial correlation test	26 – 27
4.6.3 Heteroscedasticity test	27
4.7 Robust Results	28
4.8 Conclusion	28 – 29

ABSTRACT

Factor affecting profitability become an issue among the researcher. This study aims to determine the effects of capital structure on profitability in Malaysian plantation sector. The duration period of this research is seven years that have been taking starting from year 2012 to the year 2018. The sample of companies used is 30 companies listed on Bursa Malaysia which were 210 total number of observations in this study. This study used three independent variables which are short-term debt, long-term debt and a total debt ratio. Meanwhile, the dependent variable is a profitability (ROA). The result of this study shows two variables have a significant relationship towards profitability which are long-term debt and a total debt ratio. However, only long-term debt have positive relationship, while short-term debt and total debt have a negative relationship towards profitability (ROA).

Keywords: Short-term debt, long-term debt, total debt ratio, profitability (ROA)