



**WORKING CAPITAL MANAGEMENT AND ITS AFFECT ON  
FIRM'S PROFITABILITY AND LIQUIDITY IN FOOD  
INDUSTRY IN MALAYSIA**

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SEGAMAT, JOHOR.**

**DECEMBER 2016**

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**Submitted in Partial Fulfillment  
of the Requirement for the  
Bachelor of Business Administration (Hons) Finance**

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UNIVERSITI TEKNOLOGI MARA  
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**SEGAMAT, JOHOR.**

**DECLARATION OF ORIGINAL WORK**

**ATHIRAH BINTI ABD RAHMAN**

**2013612116**

Hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- ✓ This project paper is the result of my independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**LETTER OF SUBMISSION**

JANUARY 2017

Sir Kharudin Bin Mohd Sali @ Salleh  
Faculty of Business Management  
Universiti Teknologi MARA  
85009 SEGAMAT  
JOHOR DARUL TAKZIM

Dear Sir,

**SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled “**WORKING CAPITAL MANAGEMENT AND ITS AFFECT ON FIRM’S PROFITABILITY AND LIQUIDITY IN FOOD INDUSTRY IN MALAYSIA**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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ATHIRAH BINTI ABD RAHMAN  
Bachelor of Business Administration (Hons) Finance

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# ABSTRACT

A company's profitability and liquidity are the main factors that determine business success. The efficient management of working capital plays a crucial role in the successful functioning of a firm. The aim of this paper is to investigate the working capital management and its affect on the firm's profitability and liquidity in food industry in Malaysia. The firm must always keep monitoring the liquidity position as it shows the company's image. Lack of liquidity can give bad image to the potential investors. Firm also must properly balance their current assets and current liabilities to avoid future problems. For the purpose of our analysis, we select industry of food sector and select data from 2006 – 2015 of 8 companies in Malaysia. Panel data analysis is used in yearly basis. The data will be analyzed by using E-views software. The method use is regression model. This paper examine the effect of different independent variables of working capital management that effect profitability and liquidity such as cash conversion cycle, inventory turnover in days, average collection period, average payment period and size of the company.