

UNIVERSITI TEKNOLOGI MARA

**FACTORS INFLUENCING CAPITAL
STRUCTURE OF LISTED
PLANTATION COMPANIES IN
MALAYSIA**

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2015115925**

**BBA (Hons) Business Administration
Finance**

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of the requirements for the degree of
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(Finance)

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA Johor, regulating the conduct of my study and research.

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ABSTRACT

Capital structure refers to how firms finance their overall activities and run their business with multiple sources of financing such as debt and equity. There are many factors that could influence the capital structure of a firm. Therefore, this research is conducted to investigate the factors influencing the capital structure of listed plantation companies in Malaysia. The analysed factors could impact the indebtedness. The analysis is based on the panel data on a sample of 30 listed plantation companies, observed for the 5 year period, from 2012 to 2016. The dependent variable used in this study is debt ratio while the independent variables adopted in this study are profitability, tangibility, firm size, growth and liquidity. The method employed in this study is Ordinary Least Square (OLS) along with Fixed-Effect Model which is analysed using STATA software. The results show that liquidity, profitability and tangibility are negatively significant to the debt ratio. Negative relationship indicates that the increase of value in one variable will decrease the value of other variable. On the other hand, firm size shows positive relationship with debt ratio. Profitability is the most significant factor in this study. The results obtained in this study are mostly consistent with the results conducted by previous researchers on capital structure topic.

Keywords: Capital Structure, Debt Ratio, Plantation, Malaysia.