DETERMINING THE RELATIONSHIP OF FINANCIAL LEVERAGE ON RETURN ON EQUITY IN MALAYSIA: EMPIRICAL EVIDENCE FROM BURSA MALAYSIA

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DECLARATION OF ORIGINAL WORK

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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 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.

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ABSTRACT

The purpose of this project paper is to determine the relationship between financial leverage and return on equity in Malaysia, with empirical result. This study selects 30 listed company in Bursa Malaysia randomly for the quarterly period 2014 - 2018. The method used in this project paper is unit root test and diagnostic check to get unbiased result. This study adopted both descriptive and descriptive analysis in describing the data set and in investigating the relationship between financial leverage and r\return on equity. Findings from the regression analysis reveal the insignificant relationship between financial leverage and return on equity in Malaysia. The regression result reveals that debt ratio has positive relationship on return on equity while ebt equity ratio and interest coveerage ratio reveal negative realtionship to return on equity.