

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN WORKING
CAPITAL MANAGEMENT AND FIRM'S
PERFORMANCE**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. 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, regulating the conduct of my study and research.

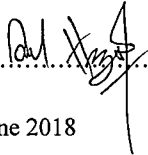
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ABSTRACT

This paper aims to explore the relationship between the performance of firm and working capital management as well as to investigate the significance of working capital management towards the performance of firms. This research utilizes secondary data obtained from the manufacturing firms that listed in Bursa Malaysia. Apart from that, this research focuses specifically on those 8 manufacturing firms starting from year 2009 until 2017. The independent variables that had been chosen are accounts payable period (APP), accounts receivable period (ARP), liquidity ratio (LIQ) and short-term financing (SFIN) and all these variables are the parts of components of the working capital management. These independent variables are employed to see whether is there any effects on the firm's performance. Besides that, the dependent variable that researcher look is return on assets (ROA). In order to establish the relationship between the working capital management and the firm's performance, this study employing the panel data regression analysis as to analyse those data. Next, this study established that the use of WCM components will have a significant impact on the performance of firms. The result of multiple regression articulated that the ARP and SFIN have negative and significant impact on ROA but APP has positive and significant impact on ROA. While, the LIQ has no significant impact on ROA. The study result advocated that the firm's performance is influenced by WCM. By validating the findings with previous researchers, this attempt will contribute to the literature.

Keywords: *WCM, ARP, APP, LIQ, SFIN, performance, ROA*

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