

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF CORPORATE BOND YIELD
AMONG DEVELOPER COMPANIES IN MALAYSIA**

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Thesis submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration
(Finance)

Faculty of Business Administration

December 2017

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. 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 Branch, Segamat Campus regulating the conduct of my study and research.


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ABSTRACT

Issuing bonds is an alternative for a company to raise capital which has been a competition to loans. Many companies have chosen to issue bonds and be a borrower to their investors instead of being indebted to banks. Previous studies have examine the determinants of the bond yield, however this study intends to investigate the more specific area of studies which is to investigate the determinants of corporate bond yield in the case of top developer companies in Malaysia. In determining the top companies which will be used as the sample, the market capitalization were compared as the benchmark for the companies to be selected. This has resulted in the choice of samples of companies which are Gamuda Berhad, UEM Sunrise Berhad, Mah Sing Group Berhad, SP Setia Berhad and ECO World Development Group Berhad. The bond yield is believed to be determined by both the issuers, as well as the characteristics of the bond itself. The variables are tested using multiple regression analysis over the 5 years period starting form year 2012 to 2016. The variables used are bond yield as the dependent variable, whilst debt to equity, return on equity, earnings before interest, tax, depreciation and amortization (EBITDA) and bond maturity as the independent variables. The findings of this study indicates the significant relationship between the EBITDA as well as the bond maturity with the bond yield. However, on the contrary, both debt to equity and return on equity show no significant relationship with the corporate bond yield.

ACKNOWLEDGEMENT

Firstly, I wish to thank God for giving me the opportunity to embark on my thesis and for completing this long and challenging journey successfully. My gratitude and thanks go to my main advisor Madam Nurul Aien Binti Abd Aziz and my co-advisor Madam Nadia Nurul Najwa Binti Mohmad Hassan for the time and their guidance for me in completing the thesis. My appreciation also goes to Dr Tan Yan Ling who taught the Research Methodology subject, who has shared her knowledge and which is very useful in doing this study. Finally, I would like to express my gratitude to my family and friends who has supported me by giving support and motivation throughout the completion of the thesis.

TABLE OF CONTENT

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF SYMBOLS	x
LIST OF ABBREVIATIONS	xi
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	3
1.4 Research Questions	3
1.5 Research Objectives	4
1.6 Significance of the Study	4
1.7 Scope of the Study	5
1.8 Limitation of the Study	5
1.9 Definition of Terms	6
1.10 Summary	7
CHAPTER TWO LITERATURE REVIEW8	
2.1 Introduction	8
2.2 Literature Review on Determinants of Corporate Bond Yield Among Developer Companies in Malaysia	8
2.3 Literature Review on Debt to Equity	9
2.4 Literature Review on Return on Equity	10
2.5 Literature Review on Earnings before Interest, Tax, Depreciation and Amortization	10