



**UNIVERSITI TEKNOLOGI MARA**

**THE RELATIONSHIP BETWEEN  
MARKET COMPETITION AND  
CAPITAL STRUCTURE IN  
MALAYSIA**

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Thesis submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Investment Management)**

**Faculty of Business Administration**

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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 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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## LETTER OF SUBMISSION

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Dear Madam,

### SUBMISSION OF PROJECT PAPER

Attached is the research report title “The relationship between Market Competition and Capital Structure in Malaysia” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

  
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## ABSTRACT

The study of this paper aims to determine the relationship of capital structure consists of debt ratio and market competition in Malaysia based on 35 listed companies in Bursa Malaysia. The listed companies in Bursa Malaysia that have been chosen in this study are from the construction, properties and industrial products sectors for a four-year period from 2012 to 2015. The Pooled Ordinary Least Square (OLS) method has been used to measure the relationship in panel data. The data of listed companies in Malaysia has been collected from e-sources in DataStream and database online that are provided in the library UITM. All the data collected refer to the performance of companies that is stated in the annual report, which is financial ratio. The variables return on asset has an impact on the debt ratio because a larger asset in the firm can affect the level of leverage. The size of the firm also would affect the debt ratio because a larger firm will have a lower debt ratio and better firm performance. When a firm has a higher growth rate, it is shown that the firm has better financial performance because of higher income and more flexibility. The findings in this study have been obtained, which is that the return on asset has a negative relationship to the dependent variable, while the size of the firm and growth rate have a positive relationship to the debt ratio.

## TABLE OF CONTENT

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	<b>ii</b>
<b>LETTER OF SUBMISSION</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT</b>	<b>v</b>
<b>TABLE OF CONTENT</b>	<b>vi</b>
<b>LIST OF TABLES</b>	<b>ix</b>
<b>LIST OF FIGURES</b>	<b>x</b>
<b>LIST OF SYMBOLS</b>	<b>xi</b>
<b>LIST OF ABBREVIATIONS</b>	<b>xii</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Research Background	3
1.3 Problem Statement	4
1.4 Research Questions	5
1.5 Research Objectives	5
1.5.1 General Research Objective	5
1.5.2 Specific Research Objective	5
1.6 Significance of the Study	6
1.7 Scope of the Study	6
1.8 Limitation of the Study	7
1.8.1 Data Accuracy	7
1.8.2 Limited Time Frame	7
1.8.3 Limited Sector of Industry	7
1.9 Definition of key Terms	7
1.9.1 Dependent Variable	7
1.9.1.1 Capital Structure (Debt Ratio)	7
1.9.2 Independent Variables	8
1.9.2.1 Return on Asset	8