



**UNIVERSITI TEKNOLOGI MARA**

**THE EFFECTS OF CAPITAL STRUCTURE  
DECISION AND FIRM PROFITABILITY:  
EVIDENCE FROM *SUKUK* ISSUANCE  
COMPANIES IN BURSA MALAYSIA STOCK  
EXCHANGE**

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Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Investment Management)**

**Faculty of Business and Management**

**December 2018**

## 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 study aims generally to see how the capital structure affecting profitability of the firms that issuing *sukuk*. Thus, this study examines the relationship between short-term debt and long-term debt on the firms' profitability, which is measured by using return on asset (ROA). The other independent variable that supported in this study is firm size, firm growth and interest coverage. This study obtains yearly data of 43 public listed companies in Malaysia that are issuing *sukuk* from 2013 to 2017. Based on the Pearson correlation and ordinary least square (OLS) methods used, the results of this study show that long-term debt, short-term debt, firm size, firm growth and interest coverage have significant relationships with the firms' profitability of the selected public listed companies.

## **ACKNOWLEDGEMENT**

Firstly, I wish to thank God for giving me the opportunity to board on my Bachelor and for completing this long and challenging journey successfully. My gratitude and thanks go to my supervisor Sir Mohamad Azwan Md Isa because help me to give guideline and advise. His patience in guiding and motivating me in this project has contributed impressively to the success of this project. Besides, my appreciation goes to Coordinator of Thesis, Dr Roslina Mohamad Shafi for approval my research topic and give ideas to do this research.

My appreciation goes to the University Technology Mara Johor (UiTM Johor) librarian because provide a platform to find data for the research. Special thanks to my colleagues and friends for helping me in order to complete the research.

Finally, this research paper is dedicated to the loving memory of my father and mother for the vision and determination to educate me. In addition, honorable mention goes to my families for their understandings and support in order to complete this research.

## TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iv</b>
<b>LIST OF TABLES</b>	<b>vii</b>
<b>LIST OF FIGURES</b>	<b>viii</b>
<b>LIST OF SYMBOLS</b>	<b>ix</b>
<b>LIST OF ABBREVIATIONS</b>	<b>x</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Research Background	2
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objective	5
1.6 Significant of Study	5
1.7 Scope of Study	6
1.8 Limitation of Study	6
1.9 Definition of Key Term	7
1.10 Summary	8
<b>CHAPTER TWO LITERATURE REVIEW</b>	<b>9</b>
2.1 Introduction	9
2.2 Literature review on Firm Profitability	9
2.3 Literature review on Capital Structure	10
2.4 Literature review on Firm Size	11
2.5 Literature review on Firm Growth	12
2.6 Literature review on Interest Coverage	12
2.7 Research Framework	15
2.8 Summary	16