



UNIVERSITI TEKNOLOGI MARA

**CAPITAL STRUCTURE AND PERFORMANCE OF MALAYSIA
PLANTATION SECTOR**

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**Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHORS'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 any 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

The relationship between capital structure and firm performance is investigated in this paper. The research includes a selection of 41 companies listed in Bursa Malaysia from 2012 to 2019. The analysis to measure capital structure as independent variables are short-term debt to total assets (SDTA), long-term debt to total assets (LDTA), total debt to total assets (TDTA) and total debt to total equity (TDTE). As for dependent variables, another five firm performance are return on equity (ROE), return on assets (ROA), gross profit margin (GPM), earnings per share (EPS) and price earnings (PE). Measured by total debt to total assets (TDTA), short-term debt to total assets (SDTA), and long-term debt to total assets (LDTA), the capital structure variable has substantial positive relationships with return on equity (ROE), return on assets (ROA) and critical negative relationship with gross profit margin (GPM). However, the capital structure determined by total debt to total equity (TDTE) has substantial positive relationship with return on equity (ROE) and significant negative relationship with return on assets (ROA) and gross profit margin (GPM). It also has significant influence on price earning (PE) and return on equity (ROE). Gross profit margin (GPM) are significantly influence by three independent variables which are short term debt to total assets (SDTA), total debt to total assets (TDTA) and total debt to total equity (TDTE). While return on assets (ROA) also significantly influenced to total debt to total assets (TDTA) and total debt to total equity (TDTE). Earnings per share (EPS) also significant influence by short term debt to total asset (SDTA) and total debt to total asset (TDTA). In summary, the findings show that in Malaysian plantation sector firms there is a correlation and significant influence between capital structure and corporate performance.

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