



**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF  
CAPITAL STRUCTURE: EVIDENCE FROM  
CONSUMER SECTOR IN MALAYSIA**

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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 of the project paper was carried out in accordance with the University Technology MARA regulations. It is original and is the result of my own work, unless otherwise specified or recognized as referenced work. This thesis was not forwarded for any degree or qualification to any academic institution or non-academic institution.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, University Technology MARA, regulating the conduct of my study and research.


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## **ABSTRACT**

Capital structure is the combination of capital from internal and external. The firm needs to mix both capital to run their business smoothly. Therefore, in order to generate long term funds, the management of the firm need to identify and knowing what factors that effect positively on capital structure for the company's growth and related assets. The main focus of this research is to justify the determinants of capital structure and how they are related to capital structure. This study is based on 20 companies selected from Bursa Malaysia in the consumer sector from the year 2015 to 2019. The models is using the debt equity ratio as the dependent variable. Besides, the independent variable representing by return on equity, current ratio, tangible assets to total assets and long term debt to total assets as the independent variables. All the independent variables will be test in order to see whether it is significance or not with the debt equity ratio by using a multiple regression analysis. Based on previous study, the independent variable of tangible assets to total assets ratio expected to have a positive relationship with the debt equity ratio while the independent variables of return on equity, current ratio and long term debt to total assets expected have mixed impact to debt equity ratio that can be either positive or negative relationship.

Keywords: capital structure, return on equity, current ratio, tangible assets to total assets, long term debt to total assets, consumer sector

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