



**UNIVERSITI TEKNOLOGI MARA**

**FACTORS AFFECTING CAPITAL STRUCTURE:  
EVIDENCE FROM MALAYSIA TRADING  
SERVICE SECTOR**

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

**Faculty of Business and Management**

**December 2018**

## **ABSTRACT**

Trading services sector has become one of the main key drivers for the global economy development. It is the fastest growing sector in the world Gross Domestic Product (GDP), where the sector itself has collectively accounted for about two third of the world services trade. The service sector is an vital part in the economy development. This is because, based on statistics on development of service sector in others country such as Australia in 2007, there are 85 per cent of all business are conducts using the service sector, and keep increase by 86 per cent in 2009 for all jobs, the workers employed in using service sector. This result shows the firms are able to manage their capital structure effectively. Capital structure is one of the most important financial decisions in business financing strategy. Capital structure of a company is defined as the particular combination of debt and equity that is used to fund its business activities. Therefore, this paper aim to study the factors that affecting the capital structure of trading services sector in Malaysia. This study examines the capital structure practices of the listed trading service sector in Malaysia for a period from year 2008 to 2017. This study expects that variables which are firm size and tangibility of asset will have significant positive relationship with leverage. While the profitability expected to have negative influence on the level of leverage of trading services sector in Malaysia.

**Keywords:** Leverage, profitability, firm size, tangibility of asset.

## **ACKNOWLEDGEMENT**

Alhamdulillah, Glory to ALLAH S.W.T. the most Gracious and the most Merciful is upon his messenger Holy Prophet Muhammad S.A.W. I am very grateful to Almighty Allah S.W.T. for giving me strength and opportunity to complete this final project paper. Without His Grace and Mercifulness, this project paper may not be complete on time.

First and foremost, I would like to thank my respected project advisor, Sir Wan Muhd Faez Bin Wan Ibrahim for his continuous guidance, advice, comments and constant support at all stage of this research, as well as to my second examiner, Madam Nur Liyana Binti Yussop. I would also like to take this opportunity to thank my family, with my override gratitude for them, who have given me the support, encouragement and sacrifices regarding this project paper. Moreover, I would like to express my special gratitude to all my friends for their nice views on my thesis.

Last but not least, I would like to thank to those, who I have not mentioned but has contributed throughout this research whether directly or indirectly. Thank you for your generous time and corporation. Also to my special acknowledgement goes to Universiti Teknologi MARA for granting me the opportunity to pursue my study in this Bachelor in Business Administration (Hons) Finance. I appreciate all of your help.

Lastly, this thesis is dedicated to the loving memory of my very dear late father and mother for the vision and determination to educate me. This piece of victory is dedicated to both of you. Alhamdulillah. Thank you.

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