THE DETERMINANTS OF CAPITAL STRUCTURE ON CONSUMER PRODUCTS
AND SERVICES OF COMPANIES IN MALAYSIA

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JANUARY 2019

ACKNOWLEDGEMENT

Syukur Alhamdulillah praises to Allah SWT for giving me the strength and health to be able to complete the requirement of Universiti Teknologi MARA (Terengganu) that is the thesis report. A big thank to my advisor, Madam Salwani binti Affandi who always give the moral support, knowledge and also encouraging and guide me to complete the thesis report. Not to forget my second advisor Dr. Norhayati binti Yusof Ali for the advise and knowledge that she has giving me. I am truly appreciate both of my advisors for their patience and it was a great experience to be able to work with them.

Thank you to all the lecturers and staff of UiTM Terengganu who involved in giving the students knowledge during workshop throughout the whole journey of these study and the information that they gave is beyond what we have expected. Furthermore, I am also be thankful to my family, especially my parents for the support that they give to me in terms of moral support and also financial support. Without their support, maybe I did not manage to complete the thesis report that required by UiTM (Terengganu).

Lastly, not to forget my classmates who have giving me ideas how to do the thesis, directly and indirectly helping me and guide me through these study. I am really appreciate their willingness to help. Thank you all for the support that has already given to me throughout the whole semester. May Allah SWT bless us and guide us to the right path.

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ABSTRACT

Capital structure is important for the companies to gain their capital. There are two type of capital structure, debt and equity. The company can choose either to use debt or equity. Many previous studies have been conducted to determine the determinants of capital structure but the research about the study still cannot solve the existing problems. That is why in these study, the researcher aiming to determine the determinants of capital structure on consumer products and services of companies in Malaysia. These study is using panel data, with 60 companies out of 197 listed companies in consumer products and services sector in Bursa Malaysia. Furthermore, the period used by the researcher is within 2008 until 2017 that is 10 year of time. The researcher also using secondary data that collected from Thompson Reuter (Eikon) and the results was analyzed using Stata 10. In this study, the researcher conducted Random Effect Model (REM) as the best model to use. Moreover, the dependent variable is leverage whereas the independent variables are profitability, tangibility, tax rate and growth opportunities. The findings state that tangibility is the most significant variables. Profitability, tax rate and growth opportunities are having a positive relationship with leverage meanwhile tangibility has negative relationship with leverage.

Keyword: Leverage, Profitability, Tangibility, Tax rate, Growth opportunities, Random Effect Model, Consumer products and services sector, Malaysia