



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF WORKING
CAPITAL MANAGEMENT:
A STUDY OF HALAL FOOD
AND BEVERAGES
PUBLIC LISTED COMPANIES.**

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Thesis submitted in fulfillment
of the requirement for the degree of
**Bachelor of Business Administration
(Hons) (Islamic Banking)**

Faculty of Business and Management

JULY 2017

ABSTRACT

This research paper or study examines and compares the determinants for working capital management in a halal food and beverages companies in public listed companies. In addition, this research paper also examines the significant relationship between firm size, profitability, leverage, operating cycle and growth with working capital in the halal food and beverages public listed companies. Using secondary data which is panel data as method for this research paper, this research paper will reviews data that collected through annual report and it was cross-sectional data in year 2016 which is representing the halal food and beverages public listed companies respectively. At the end of this study, the result shows a highly significant results. All the data gathered will used SPSS software as an estimation tool. The result from this study shows that working capital is positively linked with the firm size, profitability, leverage and negatively linked with operating cycle and growth for halal food and beverages that listed in public listed company.

Keywords: working capital, firm size, leverage, operating cycle.

ACKNOWLEDGEMENT

All praises to Almighty Allah, the most Merciful and the most Benevolent for giving me the opportunities in completing this research paper. It would be impossible for me to spent time to complete this study without the grace and help of Allah SWT. A special mention goes to my research advisor Madam Ruziah Binti A.Latif whose spend his time to guide me and give his opinion from the beginning till the end of this research study regarding the determinants of the working capital in the halal food and beverages public listed companies.

I would like to say an appreciation to my family especially my parents for their moral support and also in term of money to finish in this research study even though too many tests during the process in finishing this research study. Besides that a special thanks to all my officemate during internship at Kolej Yayasan Pelajaran Johor and to all my friends whose pleasure to help me to complete this research study. Lastly, I would like to thank to everyone who involved directly and indirectly for their contribution, invaluable support and encouragement. Without everyone continued support, this research would not been the same as presented here.

Thank you.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Nowadays, all companies from different sectors and background started to manage their working capital properly. Working capital management become very crucial element in corporate finance since it straightaway influence the liquidity and profitability of the companies (Abdul & Mohamed, 2007). It will manage current liabilities and current asset which is reckon by current asset minus with current liabilities (Abdul & Mohamed, 2007) (Zahoor, 2017). Working capital management is crucial owing to many rationale (Razali & Naji Mansour, 2016). A lot of observation had been stipulate that managers occupy substantial time on day-to-day difficulty and trouble that intricate working capital determination (Abdul & Mohamed, 2007).

Sometimes the determination on the measurement of divergent working capital components become repeated, tedious and laborious (Abdul & Mohamed, 2007). Hence, when the company has the deficiency on determination about its effect on profitability, the deficiency of coherence about its contributions elements, the deficiency on skill to manage and supremacy the working capital level will tend to bankruptcy and collapse (Razali & Naji Mansour, 2016). Thus, working capital management become the most essential elements to measure the level of efficiency and success of any organizations or company because it is related with the risk and return, growth, profitability and the value of the company (Zahoor, 2017).

Other than that, working capital management also functioning as to preserve the ideal or optimal value of each the working capital elements (Filbeck & Krueger, 2005). As mention in the previous study or research, working capital management can be determined by firm size, profitability, leverage, operating cycle, and growth ratios (Zahoor, 2017). In the same words, working capital management can be determined by a lot of external and internal elements relating to the optimum amount of current liabilities and current asset (Perobell, 2008).