



UNIVERSITI TEKNOLOGI MARA

**THE PREDICTION OF FINANCIAL
DISTRESS AMONG LISTED
MANUFACTURING COMPANIES**

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ABSTRACT

During the occurrence of global financial crisis, the percentage of bankruptcy in Malaysia had increased and most of the companies on that time bear the problem of financial difficulties. This statement can be strengthening when Hernandez Tinoco & Wilson (2013) also said about the same matter. According to them, the financial crisis in 2008 has resulted on the increment of the problem of financial distressed. Companies under the sector of manufacturing are the most affected on that time. Due to that, several manufacturing companies which listed under PN17 in Bursa Malaysia have been selected as a sample for this research. Thus, this research is aims to predict the financial distress among these companies. Several variables had been selected where the dependent variable will be the financial distressed and for independent variables; it consists of firm's asset productivity, liquidity, capital structure and their profitability over time. In order to conduct this research, secondary data are used and the data were collected from the financial reports during 2013 until 2016, on the basis of annually, through the platforms of DataStream Professionals.

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TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL	ii
EXAMINER AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATION	xi
CHAPTER ONE: INTRODUCTION	ix
1.1 INTRODUCTION	1
1.2 BACKGROUND OF STUDY	3
1.3 PROBLEM STATEMENT	5
1.4 RESEACH OBJECTIVES.....	7
1.5 RESEARCH QUESTIONS	7
1.6 SIGNIFICANCE OF STUDY	8
1.6.1 Potential Investors	8
1.6.2 Firms	8
1.6.3 Future Researchers	9
1.7 SCOPE OF DATA.....	9
1.8 LIMITATION OF STUDY	10
1.9 DEFINITION OF TERMS	10
1.10 SUMMARY	11
CHAPTER TWO: LITERATURE REVIEW	12
2.1 INTRODUCTION	12

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

For this chapter, it consists of the background of the study, problem statement, objectives, significance and scope of the research. This research will be actually focuses on predicting the financial distress among listed manufacturing companies in Malaysia. During the global financial crisis in 2008, there is an increment towards the bankruptcy cases in Malaysia. Hence, some issue saying that companies under the sector of manufacturing during that time are most affected by the problem of financial distressed. Due to that, this research is conducted in order to predict the factors that influence the financial distresses among all these listed manufacturing companies.

Under the background of the study, it will discuss more on the dependent and independent variables. The financial distress will be categorized as the dependent variable and for the independent variables; it consists of company's asset productivity, liquidity, capital structure and their profitability over time. All these variables will be measure on annually basis where at the end; the results of the measurement are expressed in the form of percentages value.

Generally, the research made will be narrow down into a specific problem after the process of gathering some preliminary information was done. In term of research questions, it has been formulated from the objectives of the research. Basically, both research questions and the stated objectives are derived from the dependent and independent variables.