

PERPUSTAKAAN
KOLEJ UNIVERSITI INSANIAH

THE IMPACT OF CAPITAL STRUCTURE ON THE FINANCIAL PERFORMANCE
OF SHARI'AH COMPLIANT SECURITIES LISTED IN BURSA MALAYSIA

Kajian ini bertujuan untuk mengetahui pengaruh struktur modal terhadap prestasi finansial saham-saham syariah yang tersenarai di Bursa Malaysia. Dalam kajian ini, pengaruh struktur modal terhadap prestasi finansial saham-saham syariah ditinjau dari perspektif dua faktor iaitu faktor makro dan faktor mikro. Faktor makro yang diperincikan dalam kajian ini adalah faktor makro ekonomi dan faktor makro politik. Faktor mikro yang diperincikan dalam kajian ini adalah faktor mikro ekonomi dan faktor mikro politik. Kajian ini dilakukan pada tahun 2009 dan 2010. Hasil kajian menunjukkan bahawa pengaruh struktur modal terhadap prestasi finansial saham-saham syariah yang tersenarai di Bursa Malaysia adalah positif dan signifikan. Pada kajian ini, faktor makro ekonomi berpengaruh secara negatif terhadap prestasi finansial saham-saham syariah yang tersenarai di Bursa Malaysia. Namun demikian, faktor makro politik berpengaruh secara positif terhadap prestasi finansial saham-saham syariah yang tersenarai di Bursa Malaysia. Pada kajian ini, faktor mikro ekonomi berpengaruh secara positif terhadap prestasi finansial saham-saham syariah yang tersenarai di Bursa Malaysia. Namun demikian, faktor mikro politik berpengaruh secara negatif terhadap prestasi finansial saham-saham syariah yang tersenarai di Bursa Malaysia.

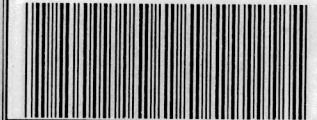
USMAN TANKO ZUBAIRU

Dissertation Submitted to the Centre for Post Graduate Studies in
partial fulfillment of the Requirement for the award of Master's Degree in
Islamic Banking and Finance

2012 / 1433

Kulliyya of Mu'amalat University Insaniah College

T 1000088



05 JUN 2013

RUJUKAN SAHAJA

Abstrak

Kajian ini bertujuan untuk menyiasat kesan struktur Modal ke atas prestasi kewangan sekuriti pematuhan syariah yang tersenarai di Bursa Malaysia. Firma-firma yang disenaraikan di bawah sektor perindustrian telah digunakan sebagai sampel kajian. Data sebanyak 165 firma yang dipungut daripada pangkalan data, dan melalui laman web firma, adalah diantara 2006-2010. Berikutan itu, lapan kes telah didapati menjadi titik terpencil dan oleh itu, dipadamkan. Pulangan atas aset (ROA), Pulangan ke atas ekuiti (ROE), dan Keuntungan yang digunakan sebagai langkah prestasi firma. Hutang jangka panjang, Hutang jangka pendek, dan Jumlah hutang dianggap sebagai Pengukur struktur modal. Korelasi Pearson, dan model regresi linear telah digunakan untuk menganalisis kesan struktur modal ke atas prestasi firma. Keputusan menunjukkan bahawa Pulangan atas Ekuiti (ROE) ketara mempunyai hubungan dengan hutang jangka panjang, hutang jangka pendek dan Keberuntungan. Selain itu, terdapat tiada hubungan yang signifikan antara Hutang jangka panjang, hutang jangka pendek, Jumlah hutang dan Pulangan atas Aset dan Keboleh untungan.

The dissertation of Tengku Zainon Latiff, titled "Impact of Capital Structure on Financial Performance of Shari'ah Compliant Securities Listed on Bursa Malaysia",
approves by the following committee:

Abstract

This study is aimed to investigate the impact of capital structure on the financial performance of shari'ah compliant securities listed on Bursa Malaysia. Firms Listed under industrial sector were used as a sample of the study. The data of 165 firms were collected from the database, and through the firms' websites, from 2006-2010. Consequently, eight cases were found to be outliers and therefore, deleted. Return on assets (ROA), Return on equity (ROE), and Profitability were used as measures of the firm's performance. Long-term debt, Short-term debt and Total debt are considered as the determinants of capital structure. Pearson correlation and Linear regression model have been used to analyze the impact of capital structure on the firms' performance. The results indicate that Performance measure of ROE is significantly related to Long-term debt, short-term debt and Profitability. However, there is no significant relationship between Long-term debt, short-term debt, Total debt and the performance measure of ROA, and Profitability.

	PAGES
TABLE OF CONTENTS	1
Title of page	i
Abstrak	ii
Abstract	iii
Approval page	iv
Declaration	v
Acknowledgement	vi
Table of Contents	vii
List of Tables and Figures	ix
List of Abbreviations	x
 CHAPTER 1: INTRODUCTION	1
1.1 Background of Study	1
1.2 Problem Statement	6
1.3 Objective of the study	13
1.4 Research Questions	14
1.5 Limitation of the Study	14
1.6 Significance of the Study	15
1.7 Conclusion	16
 CHAPTER 2: LITERATURE REVIEW	17
2.1 Introduction	17
2.2 Theories related to capital structure	17
2.2.1 Modigliani and Miller's theory	17
2.2.2 Pecking order theory	19
2.2.3 Trade-off theory	23
2.2.4 Agency theory	24
2.3 Factors of capital structure influencing performance	26
2.3.1 Long term debt	26
2.3.2 Short term debt	27
2.3.3 Total debt	29
2.4 Conceptual Framework	31
2.5 Conclusion	32
 CHAPTER 3: RESEARCH METHODOLOGY	33
3.1 Introduction	33
3.2 Research setting and design	33
3.3 Procedure of sample method	34
3.4 Method of data collection	34
3.5 The variables of the performance	35
3.5.1 Return on Asset (ROA)	35

3.5.2	Return on equity (ROE)	37
3.5.3	Profitability	39
3.6	The variables of capital structure	41
3.6.1	Long-term debt	41
3.6.2	Short-term debt	42
3.6.3	Total debt	44
3.7	The technique of data analysis	45
3.7.1	Descriptive Analysis	46
3.7.2	Correlation analysis	46
3.7.3	Multiple regression analysis	46
CHAPTER 4: RESEARCH FINDINGS		48
4.1	Introduction	48
4.2	Data screening	48
4.3	Test of Normality	48
4.4	Test of outliers	50
4.5	Descriptive Statistics	51
4.6	Correlation analysis	52
4.7	Multiple Regression analysis	54
4.7.1	Hypothesis in relation to ROA as dependent variable	54
4.7.2	Hypothesis in relation to ROE as dependent variable	55
4.7.3	Hypothesis in relation to Profitability as dependent variable	56
4.8	Conclusion	56
CHAPTER 5: DISCUSSIONS AND RECOMMENDATIONS		58
5.1	Introduction	58
5.2	Discussion on findings	58
5.2.1	The effect of Long-term debt to company's performance	58
5.2.2	The effect of Short-term debt to company's performance	59
5.2.3	The effect of Total Debt to company's performance	60
5.3	Summary	61
5.4	Recommendations	61
5.5	Limitations	62
5.6	Conclusion	62
	Reference	63
	Appendices	71