



A STUDY ON THE INTERRELATION BETWEEN WORKING CAPITAL  
ADMINISTRATION AND PERFORMANCE AMONG CONSTRUCTION COMPANIES IN  
MALAYSIA

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THE INTERRELATION BETWEEN WORKING CAPITAL MANAGEMENT AND  
PERFORMANCE AMONG CONSTRUCTION COMPANIES IN MALAYSIA

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Submitted in Partial Fulfillment of the  
Requirement for the  
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## DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

BANDARAYA MELAKA

I, Nur Hasyimah binti Raimy (940728016620)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF SUBMISSION

JANUARY 2018

Miss Nurhaslinda Binti Hashim  
Faculty of Business Management  
Universiti Teknologi MARA Melaka  
Kampus Bandaraya Melaka  
110 Off Jalan Hang Tuah  
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Dear Miss,

### **SUBMISSION OF FINAL PROJECT PAPER**

Attached is the project paper titled **“THE INTERRELATION BETWEEN WORKING CAPITAL MANAGEMENT AND PERFORMANCE AMONG CONSTRUCTION COMPANIES IN MALAYSIA”** to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi MARA.

Thank you.

Yours Sincerely,

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## **ABSTRACT**

The purpose of this study is to examine the interrelation between working capital management and performance of construction companies in Malaysia from 2006 to 2016 in quarterly. Five selected companies in construction sector used for this study are IJM Corporation Bhd, Gamuda Berhad, Mudajaya Group Bhd, Muihibbah Engineering and WCE Holdings Berhad. The Panel Regression Fixed Effect Model is used as an empirical model in this study to investigate the interrelation between Account Receivable Days (ARD), Inventory Days Held (INV), Debt Ratio (DR) and Current Ratio (CR). There are some tests involved in the study which includes Descriptive statistic, Unit Root Test, Regression Analysis and Diagnostic Test. In unit root test, the study used Levin, Lin, Chin (LLC) Test and Hadri Test. Meanwhile, diagnostic tests consist of Normality test, Multicollinearity test and Autocorrelation test.

**Keywords:** Working capital management, performance, returns on equity, account receivable, inventory, leverage, liquidity.