A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL FACTORS AND FINANCIAL LEVERAGE ON SELECTED CONSTRUCTION COMPANY IN MALAYSIA

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UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

DECEMBER 2016
A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL FACTORS AND FINANCIAL LEVERAGE ON SELECTED CONSTRUCTION COMPANIES IN MALAYSIA

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Submitted in Partial Fulfilment of the Requirement for the Bachelor of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

DECEMBER 2016
DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
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JOHOR

DECLARATION OF ORIGINAL WORK

NURUL ATIQAH ZHARFA BINTI ZAZALI I/C NUMBER: 930606-01-5436

Hereby, declared that:

• This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for these degrees or any other degrees.

• This project-paper is the results 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

30th December, 2016

Sharazad Bin Harris  
Department of Investment Management (Hons)  
Faculty of Business Management  
UiTM Johor, Segamat Campus  
Box 527, 85000 Segamat  
Johor, Malaysia

Dear Miss,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL FACTORS AND FINANCIAL LEVERAGE ON SELECTED CONSTRUCTION COMPANIES IN MALAYSIA” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA (UiTM).

Thank you.

Yours sincerely,

…………………………………….

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ABSTRACT

This study was conducted to explore on the relationship between internal factors and financial leverage on selected construction companies in Malaysia. Leverage is using the debt ratio as the dependent variables expressed by formula total liabilities divided by total assets. The independent variables are profitability, liquidity and tangibility. Data from 5 companies, Osiris website had been extracted for 7 years from 2009-2015 on a yearly basis. All data was analyzed using STATA 11 though Panel Data analysis. The finding reveals that liquidity is significant with leverage. Negative relationships exist between liquidity toward leverage while tangibility asset and profitability does not appear to be significantly related to the dependent variable.