



**A STUDY ON CONSTRUCTION INDUSTRY:
THE CAPITAL STRUCTURE OF MALAYSIAN FIRMS**

AMIRAH HANIM BINTI MOHAMMED ISA

2008582335

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS ADMINISTRATION
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA, MELAKA**

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AMIRAH HANIM BINTI MOHAMMED ISA
2008582335

Submitted in Partial Fulfillment
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MELAKA

2012

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY BUSINESS ADMINISTRATION
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA, MELAKA**

“DECLARATION OF ORIGINAL WORK”

I, Amirah Hanim Binti Mohammed Isa, (I/C No: 8711116-10-5474)

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 acknowledgement.

Signature: _____

Date: _____

LETTER OF SUBMISSION

January, 2012

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
110, Off Jalan Hang Tuah,
75300, MELAKA

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **“A STUDY ON CONSTRUCTION SECTOR: THE CAPITAL STRUCTURE OF MALAYSIAN FIRMS”** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You

Yours sincerely,

AMIRAH HANIM BINTI MOHAMMED ISA

2008582335

Bachelor of Business Administration (Hons) Finance

ABSTRACT

A Study On Construction Sector: The Capital Structure Of Malaysian Firms

By:

Amirah Hanim Binti Mohammed Isa

BBA (Hons) Finance

Universiti Teknologi MARA,

Kampus Bandaraya Melaka

Capital structure is a business term that describes the proportion of debts and equity used to finances the firm`s assets. According to this problem, this study was done, where the main purpose is to determine the correlation between leverage ratio, size of firms, profitability, firm`s growth and capital intensity.. This study focus on construction industry. Three independent variables were developed which are size of firm, profitability, firm`s growth and capital intensity while the dependent variable is leverage ratio. Data collected and evidences are being processed by using the e-view software. The researcher also wants to test the hypothesis formulated earlier by using the regression models From the finding, we will know the four factors are same line with the theories of capital structure or not . For recommendation, the further study can be done by determined other attributes such as age, business risk and net debt tax shield. By testing this attributes, it can provided the construction firms to more concern about the capital structure especially in choice to used debt financing or equity financing in order to finance their assets.