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WORKING CAPITAL MANAGEMENT AND FIRM’S PROFITABILITY OF LISTED CONSTRUCTION FIRMS IN MALAYSIA

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AUTHOR’S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Working capital management is a company's managerial accounting strategy that monitors and utilizes the main working capital component of the company, which are current assets and current liabilities. It is vital for a company to always check their working capital to make sure that company can maintain sufficient cash flow to meet its short-term obligations. Besides, with a proper working capital management, a company can reduce its risk of being in a bankruptcy state. Numerous findings mentioned that working capital management is negatively affects a firm's profitability. On the other point of view, some past researchers mentioned a positive relationship. Thus, there have been contradicting results between the past studies conducted by past researchers regarding this field. This research paper was carried out to observe the significant relationship between working capital management and firm's profitability. The main objectives of this paper are to identify and investigate the relationship between working capital management and firm's profitability of construction firms listed in Bursa Malaysia from year 2012 to 2017. As the firm's profitability will be the dependent variable; cash conversion cycle, liquidity, leverage, firm size and firm growth are the independent variables.
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