

**FACTORS THAT INFLUENCE THE CAPITAL STRUCTURE OF LISTED
CONSTRUCTION COMPANIES IN MALAYSIA**

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"DECLARATION OF ORIGINAL WORK"

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• 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 are acknowledged.

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ABSTRACT

The capital structure is how a firm finances its overall operations and growth by using different sources of funds. It is also a mixture of debt and equity management. Many factors affect the capital structure and due to that, this study examines the influence of firm size, tangibility, profitability and growth as the independent variables of the capital structure of companies listed on Bursa Malaysia. The purpose of this study is to examine and determine the effect of each selected independent variables towards the capital structure. This study examines the leverage for the construction companies listed in Bursa Malaysia with the period of 7 years from 2011 – 2017. The sample data obtained from 30 listed construction companies with a total number of 210 observations. The dependent variable is debt ratio with the expression of total debt divided by total assets. This study uses 2 models which to regress the variables simultaneously and separately. The end result of this study shows that growth is the only variable that has influence towards debt ratio with a positive relationship. This shows that 30 construction companies are heavily rely on internal funds rather than external funds when new projects started to occur. However, for future researchers who have the intention to further this study, it is suggested to change the formula of the debt ratio and express it with total debt divided by total equity in order to avoid any data analysis problem as some of the independent variables might contain the same formula.

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