THE IMPACT OF CAPITAL STRUCTURE ON FINANCIAL PERFORMANCE OF MALAYSIAN PUBLIC LISTED CONSTRUCTION FIRM

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ABSTRACT

The purpose of this paper is to investigate the relationship between capital structure and firm performance. The sample of this study is consisting of 20 listed Construction firms in Bursa Malaysia from year 2009 to 2018. This study use three variables as the measurement of capital structure which is short term debt to total assets (SDTA), long term debt to total asset (LDTA) and debt to equity (DE) as the independent variable, while financial performance only measure by the return on assets (ROA) as the dependent variable. The data are collected through the Bloomberg of data base. Multiple regression analysis was the method being used in this study to determine the relationship between the variable on this study. From the multiple regression analysis, only debt to equity and short term debt has significant effect on the return on asset, while long term debt to total asset has insignificant with the dependent variable.

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