UNIVERSITI TEKNOLOGI MARA

THE DETERMINANTS OF CAPITAL STRUCTURE FOR CONSTRUCTION FIRMS LISTED IN BURSA MALAYSIA

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Thesis submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration
(Investment)

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. 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 Undergaduate, Universiti Teknologi MARA Johor, regulating the conduct of my study and research.

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ABSTRACT

Factors that affect failure of firms are bad financial management and lack of capital. The construction industry is facing these problems. A study by (Adnan Enshassi, 2006) finds that construction companies have high business failure rate compare to other sectors. . For further better management of capital, this research is conducted to determine factors that affected capital structure for construction companies listed in Bursa Malaysia. This study examines the capital structure for the construction companies listed in Bursa Malaysia market during a five-year period from 2012-2016. This sample data derived from financial statements of 25 companies with number of observations is 125. The dependent variable is debt ratio (total debt/total assets) while independent variables are profitability (earnings before interests and taxes/total assets), size (natural logarithm of total assets), growth (market-to-book ratio) and assets tangibility (total fixed assets/total assets). The method used in this study is Pooled Ordinary Least Square (OLS). The expected results of this study are profitability and growth are significant negative to debt ratio while size and assets tangibility are positively significant to debt ratio.

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