



**THE DETERMINANTS OF PROFITABILITY:
EVIDENCE FROM MALAYSIAN PROPERTY
AND CONSTRUCTION COMPANIES**

**NUR HUSNA BINTI MOHAMED AMIN
2011990165**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
DUNGUN TERENGGANU**

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ABSTRACT

Parallel with the title, this study attempts to examine the determinants of profitability based on Malaysia property and construction companies. These studies investigate 90 property and construction companies listed in Bursa Malaysia. The samples in this study are included to the availability of published financial statement in Osiris Database during the period of 2004 to 2013. The observation in this study is 900 observations and the data has been analyzed by using panel data analysis. In this study, the researcher used Random Effect (RE) regression as the last regression analysis. This study used return on assets (ROA) to measure profitability of company; debt to equity ratio to measure leverage; log assets to measure firms' size, current ratio to measure liquidity and Consumer price index (CPI) to measure inflation rate. For overall, the result showed that the leverage and liquidity significant with profitability. Leverage indicates negative relationship with profitability but for liquidity has positive relationship. The positive insignificant relationship is found between firm sizes. For macroeconomics aspects variables of inflation rate found that positive relationship and not significant. These result also suggest that the company must hold more liquidity asset and. In addition, the company must reduce the level of external financing for new project in future in order can lead to higher company profitability.

Keywords: ROA, Leverage, Firm Size, Liquidity, Inflation Rate, Property and construction Industry, Random Effect Model (REM)