



THE EFFECT OF FINANCIAL LEVERAGE, FIRM GROWTH AND FIRM SIZE
ON PROFITABILITY: A STUDY OF CONSTRUCTION COMPANIES IN
MALAYSIA

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TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURE	ix
LIST OF TABLES	x
ABBREVIATIONS	xi
ABSTRACT	xii

CHAPTER 1: INTRODUCTION

1.0 Background of study	1
1.1 Problem statement	3
1.2 Research objective	5
1.3 Scope of study	6
1.4 Limitation of study	6
1.5 Significance of study	7
1.6 Organization of study	8
1.7 Chapter summary	9

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction	11
2.1 Theories associated with this study	11
2.2 Previous related study	14

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction	20
3.1 Data descriptive	20
3.2 Data collection method	21
3.3 Measurement of variable	23
3.4 Conceptual framework	24
3.5 Research design	25
3.6 Sampling design	25
3.7 Data software	26
3.8 Empirical Analysis Framework	27
3.9 Hypotheses	27
3.10 Procedure of panel data	28
3.11 Research flow	32
3.12 Conclusion	34

ABSTRACT

The main aim of this research is to investigate the effect of financial leverage, firm growth and firm size on profitability which consists of top 10 construction companies that listed in Bursa Malaysia for year 2011 until 2016. The data collected were analysed using the panel data statistical software. Financial leverage, growth and size are the independent variables and profitability in a proxy of return on asset is the dependent variable. The result in this study reveals that financial leverage in term of debt ratio has significantly demonstrated negative relationship with profitability. This result indicates that the firm should minimize their debt in order to have higher profitability. However, the firm growth shows that there is insignificant relationship towards the profitability, while firm size has positive and significant relationship. It means that the bigger the firm size, it will enhance the profitability and offer higher market growth and business expansion opportunities.