



**A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL  
FACTORS AND FINANCIAL LEVERAGE ON SELECTED  
CONSTRUCTION COMPANY IN MALAYSIA**

**NURUL ATIQA ZHARFA BINTI ZAZALI  
2014905765**

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
SEGAMAT, JOHOR.

DECEMBER 2016

**A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL FACTORS AND  
FINANCIAL LEVERAGE ON SELECTED CONSTRUCTION COMPANIES IN  
MALAYSIA**

**NURUL ATIQAH ZHARFA BINTI ZAZALI  
2014905765**

Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
SEGAMAT, JOHOR.

DECEMBER 2016

## **DECLARATION OF ORIGINAL WORK**



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

### **DECLARATION OF ORIGINAL WORK**

NURUL ATIQAH ZHARFA BINTI ZAZALI

I/C NUMBER: 930606-01-5436

Hereby, declared that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for these degrees or any other degrees.
- This project-paper is the results of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**LETTER OF SUBMISSION**

30<sup>th</sup> December, 2016

Sharazad Bin Harris  
Department of Investment Management (Hons)  
Faculty of Business Management  
UiTM Johor, Segamat Campus  
Box 527, 85000 Segamat  
  
Johor, Malaysia

Dear Miss,

**SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled “A STUDY ON THE RELATIONSHIP BETWEEN INTERNAL FACTORS AND FINANCIAL LEVERAGE ON SELECTED CONTRUCTION COMPANIES IN MALAYSIA” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA (UiTM).

Thank you.

Yours sincerely,

.....

NURUL ATIQAH ZHARFA BINTI ZAZALI  
2014905765  
BBA (HONS.) FINANCE

## **ABSTRACT**

This study was conducted to explore on the relationship between internal factors and financial leverage on selected construction companies in Malaysia. Leverage is using the debt ratio as the dependent variables expressed by formula total liabilities divided by total assets. The independent variables are profitability, liquidity and tangibility. Data from 5 companies, Osiris website had been extracted for 7 years from 2009-2015 on a yearly basis. All data was analyzed using STATA 11 though Panel Data analysis. The finding reveals that liquidity is significant with leverage. Negative relationships exist between liquidity toward leverage while tangibility asset and profitability does not appear to be significantly related to the dependent variable.