



**DETERMINANTS OF CAPITAL STRUCTURE: EVIDENCE FROM
MALAYSIAN CONSTRUCTION COMPANIES**

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JUNE 2016

ACKNOWLEDGEMENT

In the name of Allah The Most Beneficent and Most Merciful. Thanks to Allah The Most Merciful for giving me the courage and chance to complete this research report on time. Upon to complete of this coursework, I wish to record our highest appreciation to my respective lecturers.

Million thanks to my supervisor lecturer, PM Abdullah Bin Abd Latib for the comments, lessons, time, and support. He has given me such a great idea and kind support to make a successful research report. Nevertheless, appreciation to my coordinator Sir Syamsyul Bin Samsudin who has give me a constructive comments and spend many hours to update lots of information in order to complete a good final report.

To my senior and my friends for taught me how to use Eviews software. To Madam Mawar for taught me how to extract data from the databases that been subscribed by UiTM Johor and how to use DataStream and library UiTM database.

Last but not least to official of our university's library for letting us to make revision and some copies of reference for us to complete this assignment. Lastly their valuable contribution and sincerity are instrumental and achieving idea of this project paper.

I hope project paper for this semester that is needed for me to complete my time as a Bachelor student get good grade May all things that I have done will be blessed by Allah SWT.

Thank you.

ABSTRACT

Construction companies are well known as a capital intensive industry. The firm requires strong capital background in order to complete the project given within the time due. Therefore, the lack or poor structure in capital will affect the company operations and performance. There are two way for the company to structure their capital. The company selected is the ten (10) construction companies that are listed in Kuala Lumpur Stock Exchange (KLSE). This research is to investigate whether the companies prefer for internal or external financing in ensuring the smoothness of the project. The methodology in this research is using panel data in Eviews. The dependent variable is debt ratio and four (4) independent variables consist of growth opportunity, share of fixed asset, effective tax rate and return on asset. The result of this study indicated only Tangibility is significant to the debt ratio. Thus, this study gives some support for future research.

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