



**THE DETERMINANTS OF THE CAPITAL STRUCTURE OF CONSTRUCTION SECTOR IN
MALAYSIA: EVIDENCE FROM PANEL DATA ANALYSIS**

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DECEMBER 2019

ACKNOWLEDGEMENT

In the Name of Allah, Most Gracious and Most Merciful

Alhamdulillah, thank you for blessing me with a good health, so I can complete the research paper as smoothly as possible until the overall study is successful. First of all, i would like to express my gratitude and appreciation towards to my supervisor, Mrs. Fathiyah Binti Ismail for her advices, constructive criticism and great support throughout the development of completion this study. I'm really do appreciate the time, guidance and advices that she has given to complete this research paper. Without her guidance, this study would not complete on time.

Here, I would also like to say a big thank you to my co-supervisor, Mrs. Suhaily Maizan Binti Abdul Manaf, for helping me to complete the research study by re-checking the research report. In addition, she also made some suggestions and ideas by providing valuable feedback to this report, which will improve the quality of my research study.

Furthemore, I would also like to express my sincere thanks to Universiti Teknologi MARA Campus Dungun Cendekiawan Library Department for providing access to online databases such as Thomson Reuters Eikon. I really enjoyed it because it had great facilities that would make it easier to complete the report.

Finally, I would like to express my appreciation to my family and friends who have been involved whether direct or indirectly in order to lending a hand and encouraging me to complete the research study.

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ABSTRACT

The present study empirically analyzed the capital structure determinants of listed construction companies in Bursa Malaysia from 2005 to 2018 using panel data method. There are altogether 44 construction firms listed on Main Board of Bursa Malaysia. This samples of data derived from financial statements of only 20 companies with a number of observations total 279. Specifically, the empirical analysis focused on whether liquidity, profitability, effective tax rates, size and growth affect the debt level (leverage) of the construction companies in Malaysia. The empirical analysis found size of firm's and growth shows positive relationship with leverage. The results also discovers that size has influence the most on the debt among construction companies, whereas liquidity and profitability were found to be negatively related with leverage. Besides, only effective tax rates shows insignificant result with leverage.

Keywords: Leverage, Liquidity, Profitability, Effective Tax Rate, Growth, Size, Construction companies, Malaysia.