



**FACTORS AFFECTING PROFITABILITY OF CONSTRUCTION COMPANIES IN
MALAYSIA**

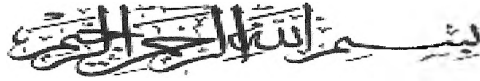
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“In the name of Allah, the Merciful, the Beneficent”



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ABSTRACT

One of the essential elements in organization is financial performance that focuses on profitability. The internal determinants have played as a role towards the profitability. This research is intends to examine the factors affecting profitability of construction companies in Malaysia by using panel data analysis that consist of 34 organizations that listed in Bursa Malaysia in duration of 2003 until 2011 as 9 years of observation. This study is employs regression model in order to investigate the relation of explanatory variables towards profitability. Findings of this research indicate that total sales are most significant variable to profitability. The result is focusing the important of keys in improving the profits earn by the organization. For future researcher, it is recommended for extends the area of scope to large scope and duration of time in order to get more generalizability of data. Besides, it is suggested to add more variables like management competency index and company age which led to most reliable results for this paper. This paper also can be extended through other approach like time series method in order producing different result.

Keywords: *Construction Companies, Return on Equity, Debt Ratio, Current Ratio, Total Assets, Total Sales, Panel Data Analysis.*