

**UNIVERSITI TEKNOLOGI MARA**

**CAPITAL STRUCTURE:  
EVIDENCE FROM MALAYSIAN  
PUBLIC LISTED COMPANIES**

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Dissertation submitted in partial fulfillment of the requirements  
for the degree of

**Master of Accountancy**

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## **Candidate's Declaration**

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non academic institution for any other degree or qualification.

In the event that my thesis be found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree to be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA.

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## **ABSTRACT**

The main objective of this study is to examine the level debt employed among Malaysian Public Listed Companies (PLCs). To achieve this objective, this study examines the debt ratio of Malaysian PLCs for both total debts and long-term debt. This study also examines the determinants of capital structure by testing the determinants developed by prior theories of capital structure such as trade-off theory and pecking order theory. It also includes determinants from other literature. Samples of the study comprise of 77 companies being listed in Bursa Malaysia main market for the period of five years from 2005 to 2009. The results of the study show that Malaysian PLCs employ low debt level whereby the debt ratio is less than 50%. Then, the study used panel Ordinary Least Square regression analysis to examine the relationship between debt ratio and capital structure determinants. The result shows that size and growth opportunities of the companies have a positive relationship towards both total debt ratio and long-term debt ratio. Liquidity position however reveals a negative relationship while asset tangibility shows an insignificant result. In addition, this study also creates industry dummies to examine whether industry classification would influence the capital structure among Malaysian PLCs. It reveals the same results as before the industry dummies were input into the regression except that, growth opportunities become insignificant towards the long term-debt.

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