



**(HOW FIRMS CHARACTERISTICS AFFECT CAPITAL
STRUCTURE)**

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ABSTRACT

This study present and demonstrate the relationship between firm characteristics and its capital structure. The size of the firm, the growth of the firm, quick ratio and interest coverage ratio are the firm characteristics been used to determine its effect on the firms the capital structure. The main objective of this study is to determine the relationship between firms characteristics and capital structure. The population for this study is firms listed in the Kuala Lumpur Composite Index (KLCI) that consists of one hundred listed companies. This study focused on 60 firms as the sample. The selected time period is 2000-2005. The hypotheses of this study have been test by using Pearson Correlation and Multiple Regression. The findings of Pearson Correlation shows that size, liquidity and interest coverage are significant to the capital structure. Based on the findings of Multiple Regression, size, liquidity, interest coverage and growth are significant to the capital structure.