



THE EFFECT OF CRUDE OIL PRICE PERFORMANCES
ON OIL AND GAS COMPANIES LEVERAGE LEVEL
IN MALAYSIA

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ABSTRACT

Oil and gas sector is one of the sectors that contribute largely of Gross Domestic Product of country as well for the government income. The oil and gas sector income mainly depend on the market price of crude oil in world market. Therefore, an increasing of crude oil price will lead the income also increase vice versa. The aims of this study is to investigate the effect of crude oil price performance on oil and gas local company in Malaysia. This study used panel data that consist twenty-seven oil and gas companies from various level such as upstream, midstream and downstream that listed on Bursa Malaysia. This study was analysed using Random effect linear regression estimation to measure the relationship between crude oil price, non-debt tax shield, profitability and tax rate. From the result, only profitability only had significantly negative relationship towards the leverage level. More than that, crude oil price and non-debt tax shield had positively insignificant relationship between leverage level and tax rate had negatively insignificant relationship with leverage level. This study hoped that all of oil and gas player should very comprehensive managing in leverage as it can be burden that may lead to bankruptcy. In addition, indirectly the labour's welfare in oil and gas also affected.