



**THE DETERMINANTS OF CAPITAL STRUCTURE ON CONSUMER PRODUCTS  
AND SERVICES OF COMPANIES IN MALAYSIA**

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## ABSTRACT

Capital structure is important for the companies to gain their capital. There are two type of capital structure, debt and equity. The company can choose either to use debt or equity. Many previous studies have been conducted to determine the determinants of capital structure but the research about the study still cannot solve the existing problems. That is why in these study, the researcher aiming to determine the determinants of capital structure on consumer products and services of companies in Malaysia. These study is using panel data, with 60 companies out of 197 listed companies in consumer products and services sector in Bursa Malaysia. Furthermore, the period used by the researcher is within 2008 until 2017 that is 10 year of time. The researcher also using secondary data that collected from Thompson Reuter (Eikon) and the results was analyzed using Stata 10. In this study, the researcher conducted Random Effect Model (REM) as the best model to use. Moreover, the dependent variable is leverage whereas the independent variables are profitability, tangibility, tax rate and growth opportunities. The findings state that tangibility is the most significant variables. Profitability, tax rate and growth opportunities are having a positive relationship with leverage meanwhile tangibility has negative relationship with leverage.

Keyword: Leverage, Profitability, Tangibility, Tax rate, Growth opportunities, Random Effect Model, Consumer products and services sector, Malaysia