



**PECKING ORDER THEORY: AN ANALYSIS OF FOODS AND
BEVERAGES INDUSTRY IN MALAYSIA AND THAILAND
(2004-2013)**

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ABSTRACT

Capital structure is one of the most crucial financial decisions in the organizations. It is the mixture of debt and equity that need to make the choice. This study is to compare whether food and beverages in Malaysia and Thailand apply a pecking order theory or not. In this study, leverage is acted as dependent variable and profitability, asset tangibility, growth opportunities and firm size act as independent variables. The method used for regression is using STATA 11.2. Findings showed that profitability, growth and firm size are followed the pecking order theory and statistically significant at 1% confidence level on foods and beverages industries in Malaysia. It is contrasted with food and beverage in Thailand. Based on the regression, only profitability and size of the firm are followed the pecking order theory but only profitability is significant while firm size is insignificant. Overall, foods and beverages industry in Malaysia applied pecking order theory while Thailand is not depend on pecking order theory when making the decision on capital structure.