THE DETERMINANT OF CAPITAL STRUCTURE FOR OIL AND GAS COMPANIES IN MALAYSIA

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ABSTRACT

The issue of dividend to the shareholders and issue about oil and gas price is very current issue for nowadays. A few oil and gas company are unable to pay dividend to their shareholders because of the fluctuation oil and gas price. The objective for this study to know what are the reason oil and gas companies are loss year to year there because of wrong decision making toward financing decision? Or oil and gas companies too much depending on debt cause need to pay higher interest to their bondholders. So this study conduct to know what are the main factor influenced in determinant capital structure oil and gas companies in Malaysia. There are 32 public listed for oil and gas company in Malaysia. But for my study I only choose 26 company oil and gas this because of availability data for that oil and gas companies and some companies just a few ago listed in Bursa Saham Malaysia so that I cannot choose the company to include in my study. And the period for this study it is ten years' period from 2009 until 2018 and the data was collected annually from Eikon Thomson Reuters, Investor.com, and Bursa Saham Malaysia for annual report, So the number observations for this study 260 observations. The dependent variable use for this study it is Debt Ratio while for independent variable is Profitability, Liquidity, Growth, and Size of Firm. Overall finding or final result for this study using Random Effect Model (REM). The result of this study shows that the independent variable of Profitability and Liquidity is negative significant to the Debt Ratio while for Size of Firm it shows positive significantly to the Debt Ratio and last independent variable Growth it shows insignificant relationship to the Debt Ratio. So oil and gas companies can consider this variable to determine capital structure for oil and gas companies in the future to prevent losses in the future.