



THE DETERMINANTS OF CAPITAL STRUCTURE:  
EVIDENCE FROM GOVERNMENT-LINKED COMPANIES IN MALAYSIA

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## **ABSTRACT**

This study observed about the factors that influence the capital structure of GLCs in Malaysia. The capital structure can give bad impact to the GLCs if wrong decisions is made regarding the capital structure for their own operations. This study aims to examine the determinants of capital structure and its relationship with the determinants as well as to determine the most significant factors that influence the capital structure. It influenced by the variables which include profitability, liquidity, tangibility and firm size. Fixed Effect Regression Model has been selected in this study with the data collected from 2002 until 2016 based on the annual report of 30 GLCs in Malaysia. The study shows that all independent variables; profitability, liquidity, tangibility and firm size have negative relationship with the debt ratio. These variables are significant with the debt ratio at 5% significant level. In conclusion, the companies must make a correct decision making on their capital structure which can influence their daily operations. A wrong decision making will give negative impacts for their companies.