

Effect of Firm Age, Size, Tangibility and Profit leverage optimise Capital Structure in Oman Food Industry

Abilash KM

Department of Commerce, Pachaiyappa's College, University of Madras, Chennai, India

Author's Mail Id: abilashraji@gmail.com

Available online at: www.isroset.org

Received: 28/Feb/2022, Accepted: 30/Mar/2022, Online: 30/Apr/2022

Abstract - This study analyses with capital structure determinants of Oman food industry firm's characteristics during the period of 2016-2020. This study will be assessing 14 companies which listed in Muscat Securities Market for the period of 5 years. Purpose sampling method has been used for this study. Financial leverage is considered as dependent variable and size, profit, tangibility and market to book ratio as independent variables. Obtained results shows leverage, size, and profit level is not good in food industry, whereas tangibility and market-to-book ratio value is good. Companies who have low profit and show positive correlation between leverage and tangibility should not borrow from market to avoid any intricacies in future. This study also exhibit that firm leverage has not have any relationship with financial performance of Oman food industry for selected sample period. Eventually, from this study researcher has observed that profit plays a vital role in firm development more than its size and tangibility to expand its business functions. It is recommended by this research that firm managers of Oman food industry should focus more on generating profit activities in operating functions among other determinants. This research can assist Oman food industry firm managers to initiate preventive action before implementation of any financing or operating decision in their domain. This study also emphasise with contemporary literature who experimented with capital determinants in different phase which enhance corporate managers thoughts to resist any challenges.

Keywords: Capital Structure; Leverage; Size; Muscat Securities Market; Food industry

I. INTRODUCTION

Capital structure is significantly considered as vital decision for any entity to maximise shareholder wealth and navigates the firms to finance its assets through by in form of any investment. In terms of financial decisions, corporates focus on policies such as income enhancement, asset management, dividends, and others etc. Mostly, firms which desire to enrich and enhance the operating activities with precise fundamental decision and keep the target to ensure leverage cost and benefits are balanced at margin. [17] [32] In today's global environment, companies are struggling to maintain enough liquidity to survive in the market due to emerge of novel complication and finding multiple ways to evade of its contractions. [4] To expand the size of firm, business requires high capital, so there are four different methods are used by firm to acquire high capital which is: from seed investors, retained earnings, by taking out loans or issuing bonds, and by selling shares. Mostly the firms often prefer with the choice of debt and equity to finance their assets. But also, there are some risks can accompany with this option which, if the managers proceed with incorrect decision without any analysis, it can lead to bankrupt. [21] [14] Companies' raises finance by many factors such as existing level of operating leverage, cost of capital, impact on corporate control, financial distress costs and other tax

implications. Many researchers and financial managers are curious to investigate about, does value of company can affect if capital is not being sourced till what extent. [12] Firms use capital structure as mix of securities to supply money and make investments in physical assets. Theories like pecking order theory and trade off theory plays an intensive role in entity's financing decisions. Among two theories some disagreements also exist that which one has explained better for firm capital structure decisions. To obtain gain from tax shields, profitable firms prefer to increase debt in trade off theory. Whereas profitable entities give more preference on utilize from internal funds to reduce debt and less significance of using external funds when retained earnings are insufficient. [15] To measure firm performance, using indicators such as Debt ratio, earning per share (EPS), Return on Equity (ROE), Return on Asset (ROA) as capital structure variable and some determinants are growth, size, age, leverage, tangible and market to book ratio. [22][11] The purpose of this research is to investigate below objectives with 14 listed Oman food industries in muscat securities market from 2016-2020 using pairwise correlations and linear regression to identify to examine the firm leverage can increase financial performance of Oman food industry and analyse firm size, have any influence of generate profit for firm development.

The following section is structured with literature review focusing on selected determinants and theories along with current empirical study about capital structure. Next, research methodology of this study is explained with its hypothesis followed with data analysis and its interpretations. Finally, the research concludes and recommend with findings of this study and its limitations.

II. RELATED WORK

Concepts and determinants of capital structure

Long-term Debt and equity is significant combination in firm which utilise form to finance its operations and very crucial during any management decision on financial matters to obtain long-term financing and need to support firm long-term investments. [28] It combines with long term source of finance such as equity shares, reserves and surplus, preference share capital, loan, debentures and other long-term source. [5]

Profit: Mostly, the firm gives prior to increase capital structure through by retained earnings, debt, and by issuing new equity. But, the cost incur in issuing new equity firms preferably go with this kind of alternative. [31] Higher profitable banks prefer external finance to internal finance because it has significant positive effects on capital structure. [20] Firms can have strong corporate financial fundamentals if they high profitability and it appreciate investors to own firm shares, due to this stock price and stock returns also increase, and thus research conducted by [2] on non-financial firm on Karachi stock market shows a productive effect of profitability on stock returns.

Size: Firm value can decrease if direct bankruptcy cost appears to constitute a larger proportion and relatively large firms might tend to diverse and possibility of bankruptcy is less. Apparently, large firm size is less leveraged than small firm; due to this small firm opt to borrow short term loans through bank instead of issue long term debt due to lower fixed cost. [31] Large companies incline to provide lower stock returns comparatively to small companies and this show a contradict effect of entity size on stock returns. [26] [6]

Tangibility: If firm assets found with higher tangibility, the capacity to protect debt will be higher and few information get disclose about later profits due to productive connections between book leverage and tangibility. [17] Tangible assets can act as collateral, due to this it indicates presence of more debt. During liquidation of firm, tangible assets have more liquidation value. Firm who have intangible assets will receive less debt financing due to insufficient security to protect loans and less liquidation value. [33]

Market to Book ratio: It is used as substitute for investment opportunities where investment advisors, fund managers consider this valuation ratio to compare firm market value and its book value. There is positive connection between market to book value of equity and capital structure, where the market is aware when to

provide more equity or repurchase equity in capital structure. [24]

Due to fluctuation in economic condition market to book ratio will not have negative effect on the level of company leverage. When market believes in prospect of company, then it will result as market to book ratio is high. [27]

Capital Structure Theories

Modigliani-Miller's Theorem (1958)

During 1950's Modigliani and Miller devised with the approach of resemble with Net Operating Income. They advocated capital structure irrelevancy theory recommended with suggestion for the firm valuation which is unrelated for company's capital structure. This approach states that operating income can easily influence the market value of a firm. Many entities and researchers have done with finding optimal capital structure till to date and its ultimate output by propounding with capital structure determinants. The firm's value and cost of capital does not have dependence between cut off rate for investment purpose and argued that the cost of capital effect will be a mere change of debt-equity. In terms of capital market, securities will takes place a perfect trading, where investors will not have any difficulties to buy and sell securities, prompt information are given to investors about any changes and free from charging cost such as brokerage charge, commission or any other fee etc., and treat the investor and entity in equal if they desire to acquire against securities. [7] Firms with different structure of capital have no consequence on market value; due to equal cash flow will be given and it is proportionally divided between firm investors and value of company remains unaffected. [8] [25] Tax shield effect provides an exclusion of interest for firms during tax payment. Corporate values can increase based on the margin of debt in their capital structure and the firm market value can increase if do not have any debt in their capital structure resulting with paying less tax and find it convenient to have debt due to tax shield. [3] Financial decisions or Capital structure is considered to be a vital phenomenon in any entity, keeping assumptions with no taxation, perfect market condition, no transactions, bankruptcy cost or others. Non-real market conditions are highly prioritised in M&M assumptions. [13]

Pecking Order Theory (1961)

Donaldson introduced this theory in 1961 and the model developed by Myers C.S et al (1984). Firms give more priority for internal finance over external finance in this model and if they desire to adopt external finance would select to debt over equity and equity will be generated. Due to asymmetric information, firm could not have pre-determined or optimum debt to equity ratio. Debt is considered as low-cost as equity within certain proportions and pecking order theory implies in profitable firms which prior internal finance rather than getting new debt or equity. In corporate finance, pecking order theory is considered as essential part and one of most influential theories. [30] Pecking order theory identifies asymmetric

information between manager and investors, to examine information and value about any firm, managers have more knowledge about their enterprise and its risk compared to external investors. Retained earnings are considered as significant source for financing any firm activities whenever it possible. Firms do not use new equity finance frequently until if any emergency occurs, debt is considered as an alternative if return earning are inadequate. Internal funds such as short-term securities, debt, preferred stock and common stock, where common stock is treated as last source of funding. Myers (1984) suggests that firms will give priority on choosing internal finance and modify targeted dividend pay-out ratio during their investment. If an entity finds generous dividend policies, unpredictable fluctuations in profit or investment, firm will give preference to select debt, convertible bonds, and finally equity as a last source in external finance. Shareholders might face loss due to asymmetric information made by firm in equity pricing and this can lead the market value to let down and if they venture to issue new securities in market, securities value will be under-priced. [35]

Trade-off Theory

During 1984, Myers suggested for the relaxation of capital structure unrelated theory of Merton Miller and Franco Modigliani. The main objective of this theory is to explain, reason behind on every firms to finance partly by debt or equity. Mostly, it focuses on the benefits retrieved through debt increase and eliminates additional costs of financial bankruptcy. During when EBIT is lower than interest, there is a possibility that the firm can met with bankruptcy and this will result to let down the commitments to creditors. With specific target debt ratio, trade off model assumed that any variation can be adjusted toward the optimum level. Firms who desire to have determinants function for long term perspective will focus on target debt ratio. [9] High profitable firms give more priority on their investments through external finance to make secure on income earned from tax with help of leverage and have positive relationship between leverage and profitability. In order to acquire marginal cost and its benefits firm manager will often evaluate and analyse different cost and benefits of leverage plan and mostly presume with interior solution. [1] Trade off model has described about the prospective bankrupt cost can bring down the firm target level when agency cost of free cash flows pushes towards debt.

Empirical Studies on Capital Structure:

[1], in their study to examine the presence of trade-off theory in capital structure analysed with 38 listed Vietnam's real estate companies performance is increasing and took benefit of dynamic capital structure determined by tangibility, tax incentives, profitability, growth opportunities, tangibility, liquidity, and firm size allocating data from the period of 2010 to 2018 and the empirical result confirms with there is significant impact on above mentioned capital structure determinants replaced by debt to asset ratio and real estate industries

are growing business and the economic relationship will not stable for long term, and it solved endogeneity issue raised by Frank and Goyal (2008) limited only with real estate sector. [32] Investigated in their research by selecting 9 companies which falls in tourism sector, listed on Muscat Securities market for the year 2007 to 2016. The aim of this study to identify the connection between leverage and its determinants, and using with pecking order theory and trade off theory to find out how capital structure determinants can have a relationship with leverage whether it elicits positive or negative sign. Eventually it concluded with there is some limited hold up for pecking order and trade-off theory and it has positive relationship with leverage. [17], this research focussed on does corporate capital structure stable or not and identify to begin stable or instable leverage ratios. Further with time variation determinants of leverage in capital structure focusing with samples of 716 firms listed in Chinese stock market from 1990 to 2013. From their findings, it showed that the firms listed which keep their capital structure ratio unstable and time has important influence in leverage variations in firms. If firm leverage ratio is more than 0.4, then their capital structure will be stable and suggested with china should improve interbank bond and exchange market for bonds and recommended the government and regulatory authorities to enhance situation in bond market which will rescue firms to obtain corporate bonds through by issuing. [10] conducted the research to test the relevance of applying pecking order theory and trade-off theory for financial decision with 232 companies and 1624 balanced panel data finance and Non-financial firm listed in Colombo stock exchange for the period of 2011-2017, and found with leverage is negatively correlated with profitability and other determinants like firm size, growth opportunity which rescue tangibility and pecking order theory, non-debt tax shield support trade-off theory. Eventually, it confirms that both theories are significant in terms of financial decision making for any firm [23] conducted the research in both wings namely diverse research results and diverse testing methods. In terms of research diversity, funding behaviour were taken to test and for testing diversity used with determinant variables in capital structures and its relationship using pecking order theory and trade off theory. Number of samples 324 enterprises were used and research conducted by samples of listed public companies on Indonesia stock market during 2010 -2013 and the data in the study took from secondary data involves various components of financial statements like dividend payments, investment, working capital, and received net cash flows after interest and tax and variables such as tangible, size, growth, ROA and debt. Eventually, researcher observed with no pattern of pecking order theory using level of internal funding deficit against leverage and amendment in leverage have positive affect on actual leverage which leads to follow the pattern of trade off theory. [29] Conducted the research to determine any certain factors will systematically influence capital structure of firm in post-transition economies in Balkans and to identify which theory describes best capital structure decision in selected

four Balkan countries. (Croatia, Macedonia, Serbia and Slovenia) Number of samples chosen with 172 public traded companies and the database covers the period of 2008-2013. From the study, obtained results shows who invest more heavily in fixed assets will have higher leverage ratio among larger companies, profit and tangibility have negative impact on leverage. Firms which contributed in fixed assets will borrow more, with higher profits will borrow less; P/B ratio which have higher portion will not issue equity. [16] the study aimed to test the existence of trade-off theory in funding need strategy in industrial sector of Amman Stock market during year 2000-2014 and the results show Jordanian firms yield higher profits and manufacturing sector tends to grant more equity and short debt to finance their need for funds. Debt need to be issued by larger firms rather than equity if they require with need of funds through by studying the connectivity between firm size and leverage in line with trade-off theory. For growth leverage relation, it is not much significant in trade-off theory. [18] Investigated five factors upon capital structure decision of listed Romanian entities in Bucharest Stock exchange operating in construction sector selecting with samples of 20 firms observed during three years 2009-2011. From the analysis, results show with liquidity and profitability ratios will adversely affect total debt ratio of Romanian firms. Tangibility shows with negative impact on leverage. Firm size and its asset turnover have a positive connection with leverage. [34] in the research focussed to analyse capital structure determinants of Tunisian companies with two successive complementary models which is static and dynamic model integrate variable cost and how it allows companies to reach closer to target ratio and used number of samples are 20 listed companies belong to industrial, commercial and service sector on Tunisian Stock Exchange over period 2004-2010. Specific fixed effects will improve explanatory power of model which is profitability and asset structure are significant variables of leverage level, and adjustment towards optimal ratio is slow and transaction cost are very high. [19] study aimed to examine empirically relation between financing choices and firm performance over the period 1995-2011 with sample size as 237 listed Malaysian companies selecting with six different sectors using dependent variables are return on equity (ROE), return of asset (ROA), Tobin Q and earning per share (EPS). Independent variables are short term debt (STD), long term debt (LTD), total debt (TD). Eventually the study suggested that there is significant positive connection between entity performance and measured capital structure by long term debt and short-term debt, and in other side size has negative effect on Tobin Q only for property sector. Total debt has negative connectivity with firm performance.

III. RESEARCH METHODOLOGY:

The purpose of this research is to investigate the capital structure determinants relationship and its firm equity in Oman food industry sector trading in Muscat Stock

exchange for the period of 5 years (2016 – 2020) with 14 firms. Researcher has used with purpose sampling method with these criteria such as firms which listed on Muscat securities market and publish financial reports for selected period to determine Oman food industry performance. This study will consider leverage as dependent variable and other size, profit, tangibility and market to book ratio as independent variables. Firm age is considered based on the years of operation and the selected firms are functioning more than a decade. So, firm age variable is not calculated separately for any identification rather than study duration. The study focused only on secondary information of Oman food industry which was obtained from S & P Capital IQ source and employed by SPSS software for its analysis using with linear regression and pairwise correlation method.

IV. FINDINGS & DISCUSSIONS

Data Analysis & Interpretation of Result

(a) Test of Hypothesis One

H_0 – Firm leverage has no significant relationship with financial performance

H_1 – Firm leverage has significant relationship with financial performance.

Table 1. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Leverage	70	0.140	0.255	0.000	1.632
Size	70	1.168	0.495	0.148	1.973
Profit	70	0.018	0.140	-0.445	0.799
Tangible	70	0.445	0.207	-0.083	0.844
Market to book ratio	70	1.104	0.873	0.000	2.871

Source : Author work

The purpose of using descriptive statistics to provide an overview of statistical data contain with mean, standard deviation, minimum and maximum values of observed research variables. Based on Table 4.0.1 provides selected variables with 70 observations used in this research and exhibit Oman food industry with mean value of leverage 0.140 is lesser than 0.255 standard deviation which means the distribution of leverage value is not good. In measure of Size, shows with 1.168 as its average level which is lesser than 0.495 standard deviation value, so the distribution of size is not good. The mean level of profit is 0.018 which is lesser than standard deviation value 0.140, so it describes the value of food industry profit level is also not good. However, the tangibility mean value 0.445 is greater than 0.207 standard deviation value following with market to book ratio mean value 1.104 is greater than its standard deviation value 0.873 shows with distribution level is good for food industry.

Table 2. Pairwise correlations

Variables	Leverage	Size	Profit	Tangible	Market to book ratio
Leverage	1.000				

Size	-0.220*	1.000			
Profit	-0.160	0.361***	1.000		
Tangible	0.283**	-	-	1.000	
„<<<< < Market to book-o	-0.160	0.306***	0.119	0.222*	1.000
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$					

Source: Author work

Based on above table exhibit pairwise correlations and the dependent variables leverage shows significant relationship only with tangibility neither with size profit and market to book ratio. There is some positive correlation between leverage and tangibility which recommends us companies with low profit should not borrow from market. Eventually, it enables us to know that firm leverage has not have any relationship with financial performance of Oman food industry for the selected years.

(b) Test of Hypothesis Two

H₀ – There is no significant relationship between entity size, profit and tangibility for entity development

H₁ – There is a significant relationship between entity size, profit and tangibility for entity development.

Table 3. Linear regression

leverage	Coef .	Std. Err.	t-value	p-value	[95 % Conf	Interval]	Si g
Constant	-0.022	0.071	-0.30	0.761	-	0.121	
Size	-0.063	0.230	-0.27	0.787	-	0.397	
Profit	0.378	0.165	2.29	0.025	0.049	0.707	**
Tangible	-0.062	0.038	-1.62	0.109	-	0.014	
Market to book ratio	0.067	0.120	0.56	0.580	-	0.305	
Mean dependent var.	0.140	SD dependent var		0.255			
R-squared	0.135	Number of obs		70			
F-test	2.541	Prob > F		0.048			
Akaike crit. (AIC.)	6.240	Bayesian crit. (BIC.)		17.482			
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$							
Source : Author work							

To evaluate the association of firm size, profit and tangibility between firm developments, linear regression analysis was used in table 4.0.3. The co-efficient value of size (-0.063) profit (0.378) and tangibility (-0.062) of firm implies that profit alone is positively related to firm development and other size, tangibility shows with

negative relation. The F test of T regression is equal to 2.541 and the associated F-statistic probability is equal to 0.048, so the null hypothesis was rejected and the alternative hypothesis was accepted. So, profit plays a significant role in shaping firm development more than its size, tangibility and contributes organization to expand its business functions.

V. CONCLUSION AND RECOMMENDATIONS

The purpose of this research is to understand the contribution of selected capital structure determinants in firm financial performance and its development listed in Muscat Securities Market. The study focussed on Oman food industries for the period from 2016 to 2020 using 14 firms who have substantial annual reports contain with selected determinants. From the empirical analysis, descriptive statistics shows that distribution of leverage, size, and profit value is not good and it is negatively skewed, while tangibility and market-to-book ratio are positively skewed. Pairwise correlations shows there is positive correlation between leverage and tangibility which recommends firm with low profit should focus not focus more on borrowing money from market with high interest rate. Linear regression exhibits with firm profit has significant contribution in firm development more than its size and tangibility. Firm management should aware about the company and country characteristics periodically about the occurring changes and monitor to improve necessary determinants internally and increase firm reputation in public through by goodwill and generate fund from external finance can support firm operation and performance through some extent and generate revenue for firm growth. This research is limited only within food industry listed in Muscat securities market and restricted with selected variables to analyse its financial performance and firm development. So, derived data and its recommendations are limited for selected sample period and perhaps it might not reflect same for consecutive years.

ACKNOWLEDGMENT

I express my sincere gratitude to Dr. Tamanna Dalwai who taught and supported me to accomplish this research study and greatly appreciate and acknowledge the assistance provided by ISROSET Editor & team, anonymous referees who reviewed my paper to enhance the level of quality.

Conflict Interest

None

REFERENCES

- [1]. Agha Jahanzeb, Saif-Ur-Rehman, Nor Khairul Hafiz Bajuri, Meisam Karami, Aiyoub Ahmadimousaab Trade-Off Theory, Pecking Order Theory and Market timing theory: A Comprehensive Review of Capital Structure Theories. International Journal of Management and Commerce Innovations. Vol.1, Issue 1, pp: (11-18) 2014.
- [2]. Ahmed Sheikh, N. and Wang, Z. "The impact of capital structure on performance: an empirical study of non-financial

- listed firms in Pakistan”, *International Journal of Commerce and Management*, Vol.23 No.4, pp. 354-368. 2013.
- [3]. Alifani, G.A., & Nugroho, A.B. Proving Modigliani and Miller theories of capital structure: the research on Indonesian companies. *International journal of economic sciences*. 2013.
 - [4]. Anshu Handoo, Kapil Sharma “A Study on Determinants of Capital Structure in India” *IIMB Management Review*, 26, 170-182. 2014.
 - [5]. Arikekpar, Obaima. Ateibueri, Capital Structure and Firm Performance: An Empirical study of manufacturing companies in Nigeria. *World Journal of Finance and Investment Research*. Vol.5, No.1 ISSN 2550-7125. 2020.
 - [6]. Banz, R.W. “The relationship between return and market value of common stocks”, *Journal of Financial Economics*, Vol.9 No.1, pp.3-18. 1981
 - [7]. Bose, C. *Fundamentals of Financial Management* (2nd Edition ed.) New Delhi, India: Asoke K. Ghosh, PHI Learning Private Limited. 2010
 - [8]. Brigham, E.F & Ehrhardt, M.C. *Financial Management: theory and practise*. Cengage South Western. 2010
 - [9]. Bui Thanh Khoa & Duy Tung Tfhai, Capital Structure and Trade-Off Theory: Evidence from Vietnam. *Journal of Asian Finance, Economics & Business* Vol.8 No.1 045-052. ISSN 2288-4637. 2021
 - [10]. D.M.S.B. Dissanayake, Relevance of Pecking Order and Trade-Off Theories in Financial Decision Making: Empirical Evidence in the Sri Lankan Companies. *International Journal of Science and Research*. Vol. 8. Issue.7. ISSN 2319-7064. 2018.
 - [11]. De Jong, A. Kabur, R. Nguyen. T.T. Capital structure around the world: The roles of firm- and country specific determinants. *Journal of Banking and Finance*. 32(9). 1954-1969. 2008.
 - [12]. De Wet, Johannes, Determining the Optimal Capital Structure: A Practical Contemporary Approach. SSRN 2007.
 - [13]. Faruk Ahmeti, Burim Prenaj, A critical review of Modigliani and Miller’s theorem of capital structure. *International Journal of Economics, Commerce and Management* Vol.III, Issue 6, ISSN 2348 0386. 2015.
 - [14]. Hamid Reza Khademi, Capital Structure and Global Financial Crisis: The case of Non-financial Firms in Netherlands. *Institute of Graduate Studies and Research*. Eastern Mediterranean University. 2013.
 - [15]. Hoang Huy Nguyen, Chi Minh Ho and Duc Hong Vo, An Empirical test of Capital structure theories for the Vietnamese listed firms. *Journal of Risk and Financial Management*, 12, 148. 2019.
 - [16]. Imad Zeyad Ramadan, An Empirical Investigation of the Trade-Off Theory: Evidence from Jordan. *International Business Research*. Vol.8 No.4. ISSN 1913-9004. 2015.
 - [17]. Kelvin Henry Kyissima & Gong Zhang Xue, Thales Pacific Yapatake Kossele, Ahmed Ramadhan Abeid, Analysis of Capital structure stability of listed firms in China. *China Finance Review International* Vol.10 No.2 2020 pp.213-228. Emerald Publishing Ltd 2020.
 - [18]. Laura Serghiescu, Viorela Ligia Vaidean, Determinant factors of the capital structure of a firm an empirical analysis. *Procedia Economics and Finance* 15.1447-1457. 2014.
 - [19]. Mahfuzah Salim, Dr. Raj Yadav, Capital Structure and Firm Performance: Evidence from Malaysian Listed Companies. *International Congress on Interdisciplinary Business and Social Science*. *Procedia Social and Behavioural Sciences* 65. 156-166. 2012.
 - [20]. Md Takibur Rahman, Testing Trade-off and Pecking Order Theories of Capital Structure: Evidence and Arguments. *International Journal of Economics and Financial Issues*. Vol.9 Issue 5. ISSN 2146-4138. 2019
 - [21]. Narinder Pal Singh, Mahima Bagga, The Effect of Capital Structure on Profitability: An Empirical Panel Data Study. *Jindal Journal of Business Research*. 8(1) 65-77, Sage Publications. 2019
 - [22]. Nassar, S., The impact of Capital structure on financial performance of the firms: Evidence from Borsa Istanbul. *Journal of Business and Financial Affairs*. 5(1), 173. 2016.
 - [23]. Ni Luh Putu Wiagustini, I Wayan Ramantha, Ida Bagus Panji Sedana, Henny Rahyuda, Indonesia Capital Structure: Pecking Order Theory or Trade-Off Theory. *International Journal of Applied Business and Economic Research*. Vol.15 No.16 ISSN 0972-7302. 2017.
 - [24]. Olanrewaju Isola Fakoti, Tabitha Nasieku, The Influence of market to Book value of Equity on Capital Structure Choice in Nigeria. *Scientific Research Journal*. Vol.5. Issue 11. ISSN 2201-2796. 2017.
 - [25]. Popescu, L., & Visinescu Sorin, A Review of Capital structure theories, *Annals of Faculty of Economics*, 3, (1), 315-320. 2009
 - [26]. Rezaei, F. and Habashi, S.S, “Co-determination of capital structure and stock return through simultaneous structural equations model”, *Journal of Basic and Applied Scientific Research*, Vol.2 No.12, pp. 12939-12948. 2012
 - [27]. Rezza Arlinda Sarwendhi, Agus Samekto, The Effect of market-to-book ratio, asset structure, and earning after tax on the level of leverage in non-financial companies listed in Indonesia Stock exchange 2007-2012. *The Indonesian Accounting Review*. Vol. 4. No.2 pp.149-156. 2014.
 - [28]. Ross, S., Westerfield, R. and Jordan, B., *Fundamentals of Corporate Finance*, 7th ed., McGraw-Hill/Irwin, New York, NY. 2006.
 - [29]. Sasho Arsov, Aleksandar Naumoski, Determinants of Capital Structure: An Empirical study of companies from selected post-transition economies. *Zbornik Radova Ekonomskog Fakulteta u Rijeci* Vol.34. No.1. 119-146. 2016
 - [30]. Sheikh Jibrán, Shakeel Ahmed Wajid, Iqbal Waheed, Tahir Masood Muhammad, Pecking at Pecking Order Theory: Evidence from Pakistan’s Non-financial sector. *Journal of Competitiveness*. Vol.4, Issue 4, pp.86-95. ISSN 1804-171X. 2012
 - [31]. Sheridan Titman & Roberto Wessels, The Determinants of Capital Structure Choice. *The Journal of Finance*. Vol.43. Issue. 1. 1988
 - [32]. Syeeda Shafiya Mohammadi, Tamanna Dalwai, Dure Najaf, Ashwaq Saif Al-Yaarubi Determinants of Capital Structure: An Empirical Evaluation of Oman’s Tourism Companies. *International Journal of Tourism & Hospitality Reviews* Vol. 7, No. 1, pp01-10, ISSN 2395 7654. 2020
 - [33]. Swati Panda, Factors Affecting capital structure of Indian Venture Capital Backed Growth Firms. *South Asian Journal of Management*. 19, 1; pg.98 2012.
 - [34]. Tarek Ghazouani, The Capital structure through the Trade-off theory: Evidence from Tunisian firm. *International Journal of Economics and Financial Issues*. Vol.3, No.3 pp 625-636. ISSN 2146-4138. 2013
 - [35]. Tri Gunarsih, M.M, Pecking Order Theory of capital structure and governing mechanism: evidence from Indonesian stock exchange. *Proceedings of 36th Federation of ASEAN Economic Associations (FAEA) Conference*. 2011.

AUTHOR PROFILE

The author of this research KM. Abilash pursued MBA, M.Com, and M.Phil. from various affiliated Universities located in Chennai and additionally achieved “Associate Fellowship” from UK Higher Education Academy. He is currently pursuing Ph.D. in Commerce discipline from University of Madras since 2021. He obtained his experience both in academics and in corporate. He has appeared and presented 8 conference papers in national and international level and published 2 research papers in international peer reviewed journal. His main research focuses on finance and marketing oriented topics.