

EFFECT OF CAPITAL STRUCTURE DETERMINANTS ON THE
PRODUCTION AND THE SERVICE SECTOR OF PAKISTAN



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Abstract

The basic purpose of this study is to examine the different capital structure determinants and to evaluate these determinants with respect to the different sectors of the economy. The impact of firms' profitability, liquidity, tangibility and size on capital structure of KSE listed Investment banks and automobile sector is investigated. Each determinant becomes less or more important when it is related to the leverage. The basic purpose of this study is to examine the various determinants of capital structure of Investment Banks and automobile companies in Pakistan and their effect on capital structure. Panel regression analysis is used in the study. The Automobile and the Investment banks listed in Karachi Stock Exchange (KSE) are selected to conduct the study. The study shows that all the determinants effect differently to the both these sectors. Secondary data from the year 2007-2011 is used to gain insight about effect on capital structure. Sample of 6 banks and 6 automobile companies was selected in order to reach conclusion.

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