

Impact of Capital Structure on Firm Performance: Oil and Gas Sector

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ABSTRACT

Capital structure of the organization is of much importance. Decisions pertaining to capital structure are considered as important as for the growth of any firm. They believe that the capital structure mix i-e Debt and Equity, as a source of fund has an impact on firm performance, by performance means the overall value of the firm. This research is conducted to check whether the capital structure has an impact on firm value, as firm value could not be determined by single indicator, so to verify the impact different determinants were used like Return on Equity, Size of the Firm, Profitability Margin, Tangibility, Growth, Liquidity, and Market price per share. Different hypotheses have made to check whether capital structure has impact on these determinants. Different analysis techniques have used to determine the relationship. Following tests are applied on Eviews to check the relationship and test the hypothesis, like Descriptive analysis, Covariance analysis, and cross sectional time series regression model. This study reveals that capital structure has an impact on firm value, because three of the determinants have an impact due to change in capital structure.

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Dedication

This thesis is dedicated to my parents and my siblings for their endless love, support and for making me a person who I am.

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