"Determinants of capital structure in cement industry of Pakistan"

BY:

Name: Waqas Khan   Enrollment # 01-120102-086

Supervisor: Nadia Jaweed

Department of management Science (MBA)

Bahria University Islamabad

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Abstract

This study attempts to determine the capital structure of listed firms in the cement industry of Pakistan. The study took 12 firms listed at Islamabad stock exchange, for the period of 2009-2013 and analyzed data by using ordinary least squares(OLS) regression model. The regression model will be used to determine relationship. Following the model developed by Rajan & Zingle (1995) it has chosen four independent variables i.e., firm size, growth, asset tangibility and profitability and their effects on leverage. Size is negatively correlated with leverage and their relationship is statistically insignificant, growth is positively correlated with leverage and their relationship is statistically significant, profitability is negatively correlated with leverage and their relationship is statistically significant and tangibility is positively correlated with leverage and their relationship is statistically insignificant.