

The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



**POLITICAL CONNECTION AND CORPORATE
FINANCING DECISION: EVIDENCE FROM MALAYSIA**



SITI NURHANANI BINTI HASSAN

UUM
Universiti Utara Malaysia

MASTER OF SCIENCE (FINANCE)

UNIVERSITI UTARA MALAYSIA

JULY 2016

POLITICAL CONNECTION AND CORPORATE FINANCING DECISION:
EVIDENCE FROM MALAYSIA



Thesis Submitted to
School of Economics, Finance, and Banking,
Universiti Utara Malaysia,
in Partial Fulfillment of the Requirement for the Master of Sciences (Finance)



(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK
(Certification of Project Paper)

PERAKUAN KERJA KERTAS PROJEK
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa
(I, the undersigned, certified the)

SITI NURHANANI BINTI HASSAN (816477)

Calon untuk Ijazah Sarjana
(Candidate for the degree of)

MASTER OF SCIENCE (FINANCE)

telah mengemukakan kertas projek yang bertajuk
(has presented his/her project paper of the following title)

**POLITICAL CONNECTION AND CORPORATE FINANCING DECISION:
EVIDENCE FROM MALAYSIA**

Seperti yang tercatat di muka surat tajuk dan kulit kertas project
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **DR. AZIRA BINTI ABDUL ADZIS**
(Name of Supervisor)

Tandatangan : _____
(Signature)

Tarikh : _____
(Date)

PERMISSION TO USE

In presenting this dissertation/project paper in partial fulfillment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this dissertation/project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my dissertation/project paper. It is understood that any copying or publication or use of this dissertation/project paper parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my dissertation/project paper.

Request for permission to copy or to make other use of materials in this dissertation/project paper in whole or in part should be addressed to:

Dean of School of Economics, Finance, and Banking

Universiti Utara Malaysia

06010 UUM Sintok

Kedah Darul Aman

ABSTRACT

This study investigates the impact of political connection on corporate financing decision of 292 firms listed in Bursa Malaysia from 2006-2015. Existing studies document that firms with political connection tend to have more debt because they have close relationship with the government, which enable them to have easier access to loans. Employing a sample of trading & service sector and industrial products sector, the result of this study concludes that politically connected firms in Malaysia prefer debt to finance their operations. This study also employs firm size (SIZE), firm growth (GROWTH), profitability (PROFIT), liquidity (LIQUID) and asset tangibility (TANG) to determine the other factors that influence corporate financing decision. The results show that SIZE, PROFIT and LIQUID have a negative relationship with total debt ratio (LEV). This implies that larger firms and more profitable firms less prefer debt as their sources of financing. Firms with high liquidity also tend to use their equity as internal sources of finance instead of debt. Meanwhile, TANG has a positive relationship with LEV, indicating that Malaysian firms with greater amount of tangible assets prefer debt as their sources of financing.

Keywords: Political Connection, Debt, Financing, Malaysia.

ABSTRAK

Kajian ini mengkaji kesan hubungan politik ke atas keputusan pembiayaan korporat terhadap 292 buah syarikat yang tersenarai di Bursa Malaysia dari tahun 2006 hingga 2015. Kajian-kajian terdahulu telah mendokumentasikan syarikat-syarikat yang mempunyai hubungan politik cenderung mempunyai banyak hutang kerana hubungan rapat mereka dengan kerajaan yang memudahkan mereka untuk memohon pinjaman. Dengan menggunakan sampel sektor perdagangan & perkhidmatan dan sektor barangan industri, hasil kajian ini menyimpulkan bahawa syarikat yang mempunyai hubungan politik di Malaysia lebih memilih hutang sebagai sumber pembiayaan operasi syarikat mereka. Kajian ini juga menggunakan saiz firma (SIZE), pertumbuhan firma (GROWTH), keuntungan (PROFIT), kecairan (LIQUID) dan aset ketara (TANG) untuk menentukan faktor-faktor lain yang mempengaruhi keputusan pembiayaan korporat. Hasil menunjukkan bahawa SAIZ, PROFIT dan LIQUID mempunyai hubungan yang negatif dengan nisbah jumlah hutang (LEV). Ini menunjukkan bahawa syarikat yang lebih besar dan syarikat yang lebih menguntungkan kurang memilih hutang sebagai sumber pembiayaan. Syarikat yang mempunyai kecairan yang tinggi juga cenderung menggunakan ekuiti berbanding hutang sebagai sumber kewangan. Sementara itu, TANG mempunyai hubungan yang positif dengan LEV, menunjukkan bahawa syarikat Malaysia dengan jumlah aset ketara yang lebih besar memilih hutang sebagai sumber pembiayaan.

Kata Kunci: Hubungan Politik, Hutang, Pembiayaan, Malaysia

ACKNOWLEDGEMENT

Alhamdulillah, all praise be to Allah, for His Love and Compassion I able to complete this dissertation to fulfil the requirement of Master of Science in Finance at Universiti Utara Malaysia. It has been a long and tough journey, nevertheless, with help, encouragement and guidance from so many people, I was determined and have finally made it till the end. I owe the successful completion of this dissertation to those who willingly and relentless offered their guidance and assistance to me.

First of all I would like to express my gratitude to my respectable supervisor Dr. Azira Abdul Adzis, who consistently inspired and guided me until this dissertation is complete. Her guidance helped me in all the time of research and writing of this dissertation. Thus, for all the guidance and support she offered to me are much appreciated.

Secondly, a special thanks to my mother, Maimunah Abdullah, my father Hassan Abdullah and my sisters, Sofea Hassan and Anna Hassan for their love, prayers, moral support, sacrifices and for bearing with me patiently through my Master study. Thanks for all the supports which keep motivating me to complete my study, to them I dedicate this dissertation. Lastly, my appreciation goes to all my lecturers for sharing their valuable knowledge and experience throughout my Master study. Besides that, I also would like to give credit to all my friends whose have always been there, sticking with me at all times of tears and joy. Thanks for all your constant support.

TABLE OF CONTENTS

DESCRIPTION	PAGE
TITLE PAGE	i
CERTIFICATION OF THESIS WORK	ii
PERMISSION TO USE	iii
ABSTRACT	iv
ABSTRAK	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLE	x
LIST OF CHART	xi
CHAPTER 1: INTRODUCTION	
1.1. Background of study	1
1.2. Overview of Malaysian capital market	8
1.3. Research problem	12
1.4. Research objective	16
1.5. Significance of the study	16
1.6. Scope of the study	18
CHAPTER 2: LITERATURE REVIEW	
2.1. Introduction	19
2.2. History of Malaysian political	19
2.3. Definition of “Political connection”	21
2.4. Evidence of firm with political connection from foreign countries	23
2.5. Evidence of firm with political connection from Malaysia	32

CHAPTER 3: RESEARCH DESIGN AND METHOD

3.1. Introduction	42
3.2. Hypotheses development	42
3.3. Hypotheses development: Firms specific variables	43
3.3.1. Firm size	44
3.3.2. Firm growth	46
3.3.3. Tangible asset	47
3.3.4. Liquidity	48
3.3.5. Profitability	49
3.4. Data	50
3.5. Sample	51
3.6. Variable measurements	51
3.6.1. Dependent variable	52
3.6.2. Independent variable	52
3.7. Model	59
3.8. Analysis technique	60
3.9. Hausman test	60

CHAPTER 4: EMPIRICAL RESULT AND DISCUSSION

4.1. Introduction	62
4.2. Descriptive statistics	62
4.3. Univariate analysis	65
4.4. Correlation matrix of variables	67
4.5. Regression analysis	70
4.6. Conclusion	75

CHAPTER 5: CONCLUSION

5.1. Introduction	76
5.2. Summary of the study	76
5.3. Implication of the study	78
5.4. Limitation of the study	78
5.5. Recommendation for future research	79
REFERENCES	81



LIST OF TABLES

TABLE		PAGE
Table 1.3	Crony industries	5
Table 3.1	Sample selection	51
Table 3.2	Variables measurement	58
Table 4.1	Descriptive statistic	64
Table 4.2	Univariate analysis	66
Table 4.3	Correlation matrix of variables	69
Table 4.4	Regression analysis	74



LIST OF CHART

CHART		PAGE
Chart 1.1	Billionaire wealth from crony sector as % of GDP, 2000-2014	3
Chart 1.2	Billionaire wealth from crony sector as % of GDP, 2000-2016	4
Chart 1.4	The crony-capitalism index	6
Chart 1.5	Malaysian capital market	11
Chart 1.6	Overview of Asian countries' bond market	11



UUM
Universiti Utara Malaysia

CHAPTER I

INTRODUCTION

1.1 Background of study

What determines corporate capital structure? Despite a huge numbers of researches have been conducted on this question, there are still uncovered issues within capital structure including corporate financing. Financing decision is essential for the firm's long run performance as it may lead to financial distress and even bankruptcy if any flawed decision is taken. One of the important aspects that should be considered in every decision is to maximize the firm's value (Suhaila and Wan Mahmood, 2008; and Alipour, Mohammadi and Derakhshan, 2015). Basically, capital structure is an approach a firm uses to finance its overall operations and growth by using varieties sources of funds. Capital structure generally comprises of debt, common stock, and preferred stock that are used to finance the various long-term projects of the firm (Chadha and Sharma, 2015).

Debt defines as source of fund that firm has to borrow from various provider of capital. Debt is different from equity due to it has borrowing costs, typically through payment of interest. Debt also has fixed term at the end of which debt will mature where the borrowed amount or also known as principle must be repaid at maturity.

The contents of
the thesis is for
internal user
only

REFERENCES

- Adhikari, A., Derashid, C. & Zhang, H. (2006). Public policy, Political Connections, and Effective Tax Rates: Longitudinal Evidence from Malaysia. *Journal of Accounting and Public Policy*, 25, 574-595.
- Agrawal, A. & Knoeber, C. R. (2001). Do Some Outside Directors Play a Political Role? *The Journal of Law & Economics*, 44(1), 179-198.
- Aivazian, V. A., Ge, Y. & Qiu, J. (2005). The Impact on Firm Investment: Canadian Evidence. *Journal of Corporate Finance*, 11, 277-291.
- Al-dhamari, R. & Ku Ismail, K. N. I. (2015). Cash Holdings, Political Connections, and Earnings Quality. *International Journal of Managerial Finance*, 11(2), 215 – 231.
- Ali, L. (2011). The Determinants of Leverage of the Listed-Textile Companies in India. *European Journal of Business and Management*, 3(12), 54-59.
- Alipour, M. Mohammadi, M. F. S. & Derakhshan, H. (2015). Determinants of Capital Structure: An Empirical Study of Firms in Iran. *International Journal of Law and Management*, 57(1), 53 – 83.
- Alkhatib, K. (2012). The Determinants of Leverage of Listed Companies. *International Journal of Business and Social Science*, 3(24), 78-83.
- Anderson, R. W. (2002). Capital Structure, Liquidity and Growth. NBB WORKING PAPER No. 27.
- Antoniou, A., Guney, Y. & Paudyal, K. (2008). The Determinants of Capital Structure: Capital Market-Oriented versus Bank-Oriented Institutions. *The Journal of Financial and Quantitative Analysis*, 43(1), 59-92
- Baltaci, N. & Ayaydin, H. (2014). Firm, Country and Macroeconomic Determinant of Capital Structure: Evidence from Turkish Banking Sector. *Emerging Markets Journal*, 3(3), 47-58.
- Berkman, H. & Galpoththage, V. (2016). Political Connections and Firm Value: An Analysis of Listed Firms in Sri Lanka. *Pacific Accounting Review*, 28(1), 92-106.
- Bevan, A. A. & Danbolt, J. (2002). Capital Structure and Its Determinants in the United Kingdom – A Decompositional Analysis. *Applied Financial Economics*, 12(3), 159-170.
- Bank Negara Malaysia. Annual Report 2015.

- Bliss, M. A., & Gul, F. A. (2012) Political Connection and Cost of Debt: Some Malaysian Evidence. *Journal of Banking & Finance*, 36(5), 1520-1527
- Bliss, M. A & Gul, F. A. (2012). Political Connection and Leverage: Some Malaysian Evidence. *Journal of Banking & Finance*, 36, 2344–2350.
- Booth, L. et al. (2001). Capital Structures in Developing Countries. *The Journal of Finance*, 56(1), 87-130.
- Brav, O. (2009). Access to Capital, Capital Structure, and the Funding of the Firm. *The Journal of Finance*, IXIV (1), 263-308.
- Bunkanwanicha, P. & Wiwattanakantang, Y. (2009). Big Business Owners in Politics. *The Review of Financial Studies*, 22(6), 2133-2168
- Capital Market Malaysia. (2015). Capital Markets Malaysia Financing the Future. Securities Commission Malaysia
- Chadha, S. and Sharma, A. K. (2015). Determinants of Capital Structure: An Empirical Evaluation from India. *Journal of Advances in Management Research*, 12(1), 3– 14.
- Chan, K. S., Dang, V. Q. T. & Yan I. K. M. (2012). Chinese Firms' Political Connection, Ownership and Financing Constraints. *Economics Letter*, 115, 164-167.
- Charumilind, C., Kali, R. & Wiwattanakantang, Y. (2006). Connected Lending: Thailand before the Financial Crisis. *The Journal of Business*, 79(1), 181-218.
- Chen, J., Jiang, C. & Lin, Y. (2014). What Determine Firms' Capital Structure in China? *Managerial Finance*, 40(10), 1024-1039.
- Chen, C. J. P. et al. (1997). An Investigation of the Relationship between International Activities and Capital Structure. *Journal of International Business Studies*, 28(3), 563-577.
- Cheng, S. R. & Shiu, C. Y. (2007). Investor Protection and Capital Structure: International Evidence. *Journal of Multinational Financial Management*, 17, 30-44.
- Claessens, S., Feijen, E. & Laeven, L. (2008). Political Connections and Preferential Access to Finance: The Role of Campaign Contributions. *Journal of Financial Economics*, 88(3), 554-580.
- Dinç, I. S. (2005). Politicians and banks: Political influences on government-owned banks in emerging markets. *Journal of financial economics*, 77(2), 453-479
- Datta, D. & Ganguli, S., K. (2014). Political Connection and Firm Value: An Indian Perspective. *South Asian Journal of Global Business Research*, 3(2), 170 – 189.

- Dawar, V. (2014). Agency Theory, Capital Structure and Firm Performance: Some Indian Evidence. *Managerial Finance*, 40(12), 1190 – 1206.
- Deesomsak, R., Paudyal, K. & Pescetto, G. (2004). The Determinants of Capital Structure: Evidence from the Asia Pacific Region. *Journal of Multinational Financial Management*, 14(4-5), 387-405.
- Doku, J. N. et al. (2011). Financial Market Development and Capital Structure of Listed Firms - Empirical Evidence from Ghana. *Serbian Journal of Management*, 6 (2), 155 – 168
- Drobetz, W. & Fix, R. (2003). What are the Determinants of the Capital Structure? Some Evidence for Switzerland. WWZ/Department of Finance, *Working Paper No. 4/03*
- Ebrahim, M. S., Girma, S., & Shah, M. E. (2011). Dynamic Capital Structure under Political Patronage: A Pre and Post Crisis Analysis of Malaysia. *SSRN Working Paper Series*.
- Ebrahim, M. S. et al. (2014). Dynamic capital Structure and Political Patronage: The case of Malaysia. *International Review of Financial Analysis*, 31, 117-128.
- Eriotis, N., Vasiliou, D., & Ventoura-Neokosmidi, Z. (2007). How Firm Characteristics Affect Capital Structure: An Empirical Study. *Managerial Finance*, 33(5), 321-331.
- Faccio, M. (2003). Politically Connected Firms: Can They Squeeze the State? *Working paper*, Vanderbilt University
- Faccio, M. (2006). Politically Connected Firms. *The American Economic Review*, 96(1), 369-386.
- Faccio, M., Masulis, R.W., & McConnell J.J. (2006) Political Connection and Corporate Bailouts. *The Journal of Finance*, 1(6), 2597-2635
- Faccio, M. (2007). The Characteristics of Politically Connected Firms. Purdue CIBER *Working Papers*
- Fisman, R. (2001). Estimating the Value of Political Connections. *The American Economic Review*, 91(4), 1095-1102
- Fosberg, R. H. (2012). Capital Structure and the Financial Crisis. *Journal of Finance and Accountancy*, 11, 1.
- Fareed, Z. et al (2014). The Effect of Firm Specific Factors on Capital Structure Decision: Evidence from power and Energy Sector of Pakistan. *Middle-East Journal of Scientific Research*, 21 (9), 1419-1425.

- Fauzi, F. et al. (2013). The Determinants of Capital Structure: An Empirical Study of New Zealand-Listed Firms. *Asian Journal of Finance & Accounting*, 5(2), 1-21.
- Forbes, (2016). The World Billionaires: Syed Mokhtar AlBukhary. <http://www.forbes.com/profile/syed-mokhtar-albukhary/>. 21/5/2016.
- Fu, J., Dhimamoto, D. & Todo, Y. (2015). Can Firms with Political Connections Borrow More Than Those Without? Evidence from Firm-Level Data for Indonesia. *WINPEC Working Paper Series No.E1513*.
- Fraser, D. R., Zhang, H., & Derashid, C. (2006). Capital Structure and Political Patronage: The Case of Malaysia. *Journal of Banking & Finance*, 30, 1291-1308.
- Gaud, P. et al (2005). The Capital Structure of Swiss Companies: an Empirical Analysis Using Dynamic Panel Data. *European Financial Management*, 11(1), 51-69
- Ghazouani, T. (2013). The Capital Structure through the Trade-Off Theory: Evidence from Tunisian Firm. *International Journal of Economics and Financial Issues*, 3(3), 625-636.
- Goldman, E., Rocholl, J. & So, J. (2009). Do Politically Connected Boards Affect Firm Value? *The Review of Financial Studies*, 22(6), 2331-2360
- Gul F. A. (2006). Auditors' Response to Political Connection and Cronyism in Malaysia. *Journal of Accounting Research*, 44(5), 931-963.
- Gupta, M. C. (1969). The Effect of Size, Growth, and Industry on the Financial Structure of Manufacturing Companies. *The Journal of Finance*, 24(3), 517-529.
- Harris, M. & Raviv, A. (1990). Capital Structure and the Informational Role Debt. *The Journal of Finance*, 45(2), 321-349.
- Harris, M. & Raviv, A. (1991). The Theory of Capital Structure. *The Journal of Finance*, 46(1), 297-355.
- Hausman, J.A., (1978). Specification Tests in Econometrics. *Econometrica*, 46(6), 1251-1271.
- Huberman, G. (1984). External Financing and Liquidity. *The Journal of Finance*, 39(3), 895-908.
- Imtiaz, M. F., Mahmud, K. & Mallik, A. (2016). Determinant of Capital Structure and Testing of Applicable Theories: Evidence from Pharmaceutical Firms of Bangladesh. *International Journal of Economics and Finance*, 8(3), 23-32.

- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(4), 305-360.
- Johnson, S. & Mitton, T. (2003) Cronyism and Capital Controls: Evidence from Malaysia. *Journal of Financial Economics*, 67, 351–382.
- Johansson, A. C. (2014). On the Challenge to Competitive Authoritarianism and Political Patronage in Malaysia. Stockholm School of Economics Asia Working Paper No.29.
- Khwaja, A. I. & Mian, A. (2005). Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market. *The Quarterly Journal of Economics*, 120, (4), 1371-1411
- Kim, C. S., Mauer, D. C. & Sherman, A. E. (1996). The Determinants of Corporate Liquidity: Theory and Evidence. *The Journal of Financial and Quantitative Analysis*, 33(3), 335-35.
- Krishnan, R. & Mohandas, N. (2013). A Study on the Factors Influencing the Leverage of Indian Companies. *Journal of Commerce & Accounting Research*, 2(1), 29-33.
- Lau, Y. W. & Tong, C. Q. (2008). Are Malaysian Government-Linked Companies (GLCs) Creating Value? *International Applied Economics and Management Letters*, 1(1), 9-12.
- Lemma, T. T. & Negash, M. (2013). Institutional, Macroeconomic and Firm-specific Determinants of Capital Structure the African Evidence. *Management Research Review*, 36(11), 1081 – 1122.
- Li, H. et al. (2008). Political Connections, Financing and Firm Performance: Evidence from Chinese Private Firms. *Journal of Development Economics*, 87(2), 283-299.
- Li, A. & Xia, X. (2013). Political Connections, Financial Crisis and Firm's Value: Evidence from Chinese Listed Firms. *International Journal of Business and Management*, 8(18), 63-77.
- Lim, T. C. et al. (2012). Capital Structure and Political Patronage: Evidence from China. *American Journal of Business and Management*, 1(4), 177-182.
- Marsh, P. (1982). The Choice between Equity and Debt: An Empirical Study. *The Journal of Finance*, 37(1), 121-144.
- Masoud, N. (2014). The Determinants of Capital Structure Choice: Evidence from Libyan Firms. *Research Journal of Finance and Accounting*, 5(1), 67-83.

- Menzio, A., Urtiaga, M. G. & Vannoni, D. (2012). Board Composition, Political Connections, and Performance in State-Owned Enterprises. *Industrial and Corporate Change*, Oxford University Press, 21(3), 671-698.
- Miller, M. H. (1977). Debt and Taxes. *The Journal of Finance*, 32(3), 261-275.
- Modigliani, F., & Miller, M. H. (1963). Corporate Income Taxes and the Cost of Capital: A Correction. *The American Economic Review*, 53(3), 433-443.
- Mobarak, A. M., & Purbasari, D. P. (2006). Corrupt Protection for Sale to Firms: Evidence from Indonesia. Unpublished working paper, University of Colorado at Boulder
- Morri, G. & Cristanziani, F. (2009). What Determines the Capital Structure of Real Estate Companies? : An analysis of the EPRA/NAREIT Europe Index. *Journal of Property Investment & Finance*, 27 (4), 318 – 372.
- Nazir, M. S., Saita, H. K. & Nawaz, M. M. (2012). The Role of Debt in Reducing Agency Cost: Empirical Evidence from Pakistan. *Innova Ciencia*, 4(5), 28-43.
- Nemati, A. & Muhammad, J. (2012). Determinants of Capital Structure; a Study of Manufacturing Companies in Iran. *Life Science Journal*, 9(1), 30-36.
- Niu, X. (2008). Theoretical and Practical Review of Capital Structure and its Determinants. *International Journal of Business and Management*, 3(3), 133-139.
- Nyamita, M. O. et al. (2014). Factors Influencing Debt Financing within State-owned Corporations in Kenya. *Journal of Economics and Behavioral Studies*, 6(11), 884-905.
- Nyamita, M. O. et al. (2014). Factors Influencing Debt Financing Decisions of Corporations-Theoretical and Empirical Literature Review. *Problems and Perspectives in Management*, 12(4), 189-202.
- Nyamita, M. O. et al. (2015). How Debt Financing Decisions Relate With Financial Performance Of State-Owned Corporations in Kenya. *International Business & Economics Research Journal*, 4(4), 701-726.
- Öztekin, Ö. & Flannery, M. J. (2012). Institutional Determinants of Capital Structure Adjustment Speed. *Journal of Financial Economics*, 103, 88-112.
- Padron, Y. G. et al. (2005). Determinant Factors of Leverage: An Empirical Analysis of Spanish Corporations. *The Journal of Risk Finance*, 6(1), 60-68.
- Pandey, I. M. (2001) Capital Structure and the Firm Characteristics: Evidence from an Emerging Market. IIMA Working Paper No. 2001-10-04.
- Pandey, I. M. (2004). Capital Structure, Profitability and Market Structure: Evidence from Malaysia. *Asian Pacific Journal of Economic & Business*, 8(2), 78-81

- Pontoh, W. & Ilat, V. (2013) Determinant Capital Structure and Profitability Impact (Study of Listed Company in Indonesian Stock Exchange). *Research Journal of Finance and Accounting*, 4(15), 43-49
- Qin, B. (2013). Political Connection, Government Patronage and Firm Performance: Evidence from Chinese Manufacturing Firms. Mimeo. IIES, Stockholm University.
- Rajan, R. G. & Zingales, L. (1995). What Do We Know about Capital Structure? Some Evidence from International Data. *The Journal of Finance*, 50(5), 1421-1460.
- Shah, A. & Hijazi, T. (2004) The Determinants of Capital Structure of Stock Exchange-listed Non-financial Firms in Pakistan. *The Pakistan Development Review*, 43(4), 605-618.
- Shah, A. & Khan, S. (2007). Determinants of Capital Structure: Evidence from Pakistani Panel Data. *International Review of Business Research Papers*, 3(4), 265-282.
- Samarakoon, L. P. (1999). The Capital Structure of Sri Lankan Companies. Sri Lankan. *Journal of Management*, 4(1&2), 18-30
- Sangeetha, M. & Sivathaasan, N. (2013). Factors Determining Capital Structure: A Case study of Listed Companies in Sri Lanka. *Research Journal of Finance and Accounting*, 4(6), 236-247
- Sarlija, N. & Harc, M. (2012). The Impact of Liquidity on the Capital Structure: A Case Study of Croatian Firms. *Business Systems Research*, 3(1), 30-36.
- Sayilgan, G. et al. (2006). The Firm-Specific Determinants of Corporate Capital Structure: Evidence from Turkish Panel Data. *Investment Management and Financial Innovations*, 3(3), 125-139.
- Securities Commission Malaysia. (2011). Capital Market Masterplan 2.
- Securities Commission Malaysia. (2015). Capital Markets Malaysia Financing the Future
- Securities Commission Malaysia. (2015). Annual Report 2015.
- Sheikh, N. A. & Wang, Z. (2011). Determinant of Capital Structure: An Empirical Study of Firms in Manufacturing Industry of Pakistan. *Managerial Finance*, 37(2), 117-133.
- Song, H. S. (2005). Capital Structure Determinants an Empirical Study of Swedish Companies. CESIS Electronic Working Paper Series, Paper No. 25.

- Suhaila, M. K. & Wan Mahmood, W. M. (2008). Capital Structure and Firm Characteristics: Some Evidence from Malaysian Companies. MPRA Paper No. 14616.
- Subramanyam, K. R. (2014). Financial Statement Analysis: *Eleventh Edition*. New York. *McGraw-Hill Education*.
- The Putrajaya Committee on GLC High Performance, <http://www.pcg.gov.my/index.asp>.
- The Economist (2014, March 15). Planet Plutocrat. Retrived from <http://www.economist.com/news/international/21599041-countries-where-politically-connected-businessmen-are-most-likely-prosper-planet>.
- The Economist (2016, May 5). Comparing Crony Capitalism around the World. *The Economist*. Retrived from <http://www.economist.com/blogs/graphicdetail/2016/05/daily-chart-2>.
- The Economist (2016, May 7). Dealing with Murky Moguls. *The Economist*. Retrived from <http://www.economist.com/news/leaders/21698261-how-disentangle-business-government-dealing-murky-moguls>.
- The Economist (2016, May 7). The Party Winds Down. *The Economist*. Retrived from <http://www.economist.com/news/international/21698239-across-world-politically-connected-tycoons-are-feeling-squeeze-party-winds>.
- Titman, S. & Wessels, R. (1988). The Determinants of Capital Structure Choice. *The Journal of Finance*, 43(1), 1-19.
- Wei, I. K. T., & Hooi, H. L. (2011). Capital Structure of Government-Linked Companies in Malaysia. *Asian Academy of Management Journal of Accounting and Finance*, 7(2), 137-156.
- Wu, L. & Yue, H. (2009). Corporate Tax, Capital Structure, and the Accessibility of Bank Loans: Evidence from China. *Journal of Banking and Finance*, 33(2009), 30-38.
- Yang, J., Lian, J. & Liu, X. (2012). Political Connections, Bank Loans and Firm Value. *Nankai Business Review International*, 3(4), 376 – 397
- Yeh, Y. H., Shu, P. G & Chiu, S. B. (2013). Political Connections, Corporate Governance and Preferential Bank Loans. *Pacific-Basin Finance Journal*, 21, 1079-1101
- Zeitun, R., & Tian, G. G. (2007). Capital Structure and Corporate Performance: Evidence from Jordan. *Australasian Accounting, Business and Finance Journal*, 1(4), 40-61