

Impact of Capital Structure, Dividend Policy and Sustainability on Value of Firm: A Case Study of Spinning Textile Sector of Pakistan

Authors : Zahid Ahmad, Samia Yousaf

Abstract : The main purpose of this study is to evaluate and assess the financial position, operating performance, and recent outlook of the companies. This study investigates the impact of capital structure, dividend policy and sustainability on the value of firms of textile spinning sector of Pakistan which is listed on Pakistan stock exchange. The panel data technique has been applied to this group of textile sector which is textile spinning. This study covers the last ten years of time period. All the data related to the variables have been collected from the annual reports and financial statements of the textile sector firms. There are differently related determinants to measure the capital structure which are fixed assets turnover ratio, debt ratio, equity ratio, debt to equity ratio, assets tangibility, and shareholder's equity. Dividend policy is being measured by two determinants which are earning per share (EPS) and dividend payout ratio. Sustainability is being measured by three suitable factors which are sales growth, gross profit margin ratio and firm size. These are three independent variables and their determinants of this study. Value of firm is measured through the return on asset (ROA). Capital structure is at the top of the list among all the three variables. According to the results of this research work, somewhere all the three variables generates positive and significant effect on the firm's performance and its growth.

Keywords : capital structure, dividend policy, panel data, sustainability

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