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A REVIEW OF CAPITAL STRUCTURE KSE-100 COMPANIES

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ABSTRACT
The purpose of this study to study the previses studies of listed companies on Pakistan stock exchange. Capital structure is essential to develop any firm. On Pakistan, stock exchange financial and non-financial companies are listed. In this study, a little bit of review of literature about the listed companies. The finding of this study different researcher use variables to found the capital structure of these firms. Various researchers were found a different opinion. Most of the researcher use firm size, leverage, and assets to found the capital structure. This study is helpful for researchers who want to study these companies.

Keyword: Firm size. Assets, leverage effect.

INTRODUCTION
Estimating cost and benefit of debt functions for thousands of companies that appear to make unconstrained, optimal capital structure choices. In essence, we observe the choices made by firms that appear to behave optimally, which we use to statistically deduce optimal capital structure recommendations for firms with similar characteristics i.e similar portability, asset size, collateral, etc. (Binsbergen et al. 2011).

Capital structure emphasizes on a combination of debt and equity to finance a firm. The various financing decisions are vital for the financial welfare of the firm. Afalse decision about the capital structure may lead to financial distress and eventually to bankruptcy. The management of a firm sets its capital structure in a way that the firm's value is maximized. Many studies have attempted to discover the optimal capital structure. Despite the huge body of research on capital structure, no specific method is developed for managers to determine optimal capital structure (Sheikh and Wang 2011). Myers and Majluf (1984) show how managers do not attempt to maintain a particular capital structure. Instead, corporate financing choices are driven by the costs of adverse selection that arise because of information asymmetry between better-informed managers and less-informed investors (Hovakimian et al., 2004).

An appropriate capital structure is a critical decision for any business organization (Simerly and Li, 2000).The reason why researchers try to find the optimal capital structure is that it decreases the cost of capital and increases firm market value (Viviani, 2008).

Capital Structure' refers to the amalgamation of various funding sources constituting the total assets of a company. Capital structure decisions facilitate a company to maximize its

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shareholders' values, allocate risks and control power among different groups of stakeholders. Proper choice of capital structure enables a company to accelerate its performance in a better way, ensure the sustainability of its operations and eventually accomplish its strategic goals. That's why the question that what factors significantly persuade the capital structure decisions of a company has got special value to the researchers as well as to the financial managers. (Hossain & Hossain 2015).

In spite of the fact that equity financing is more expensive, as opposed to employing debt, both elements have tobe kept realistically stable.

Akbar&Bhutto(2012) determine the capital structure of Food and Personal care industry of Pakistan. They conclude that the size and growth have positive relationship with leverage and profitability, tax rate, and earning volatility has not significant relationship with leverage. In F&PC industry, large firms tend to finance by more debt than smaller firms do. Growth in assets is financed by debt with increasing rate. However for growth the more cash flows needed which cannotbe fulfilled by internal equity so firms borrow.

Saleem *et* al. (2013) examines the determinants of capital structure of oil and gas companies listed in KSE of Pakistan. The result shows that growth has negative relationship with leverage and firm size, profitability, tangibility of assets having positive relationship with leverage. They suggest that internally generated funds may not be sufficient for growing firms and debt financing may be the only option for further growth.

Ahmed.K (2012) examine the determinants of capital structure of automobile manufacturing companies. The research exhibits that selected companies for the analysis dividend payout, debt service capacity, operating leverage, business risk are the influential determinants of capital structure and size, earnings rate are not an important variables in capital structure decisions.

Alkhatib(2012) empirically investigate the determinants of leverage. The result of the combined analysis reveals that industrial and service sector is insignificant relationship between leverage and independent variables. However, the individual analysis of both sectors (i) For service sector the regression analysis tangibility, growth, liquidity are significant relationship with leverage and size, profitability has insignificant relationship with leverage. (ii) For the industrial sector tangibility and liquidity have significant relationship with leverage and profitability, growth, size have insignificant relationship with leverage. The results confirm that firm and economic variable are related and have an impact on leverage.

CONCLUSION

The purpose of this study to study the previses studies of listed companies on Pakistan stock exchange. Capital structure is important to developed of any firm. On Pakistan stock exchange financial and non-financial companies is listed. In this study a little bit review of literature about the listed companies. The finding of this study different researcher use variables to found the capital structure of these firms. Different researchers were found different opinion. Most of the researcher use firm size, leverage, assets to found the capital structure. This study helpful for futhre researchers who want to study of these companies.

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