

**Panel data analysis on the determinants of firm's capital structure: evidence from listed companies in Dar es Salaam stock exchange, Tanzania**

**Evelyne Mkabahati Michael**

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This study examines factors that influence determinants of capital structure of firms in Tanzania listed in Dar es Salaam Stock of Exchange. Profitability, assets tangibility, liquidity, age of a company, size of a company, growth opportunity and corporate government were examined as aspects that determine the structure of capital of a particular company. Many studies conducted in Tanzania focused on the determinants of capital structure ignored the role of corporate governance on deciding optimal mix of debt and equity; hence this study will include the role of corporate governance on determining factors influencing capital structure decision. Annual reports and financial statements of companies were used to obtain data for analysis. The study covers a period from 2010 to 2017 with 23 listed companies out of 28; five companies are missing due to lack of information resulting to 183 observations. Generalized method of estimation was carried out in this study because lagged dependent variable was used as one of the explanatory variable. The study used Two-Step Difference GMM to estimate the determinant of optimal firm's capital structure, the empirical results indicates that the lagged dependent variable and profitability of a company have significant and positive effects on leverage. The result also shows growth rate of a company is significant and has negative effects on leverage. On the policy front, government should ensure fiscal and monetary policies are implemented for economic stability and create favorable environment for the managers to make best decision on the ratio of firm's capital structure.