

CAPITAL STRUCTURE AND INVESTOR PERCEPTIONS

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ABSTRACT

This research is an attempt to study the perception of investors in Oman towards capital structure decision of firms. More specifically, it tries to understand whether capital structure decisions matter to investors while taking their investment decisions in the case of Oman for equity stocks. Data was collected using a structured questionnaire from 350 respondents using stratified random sampling. Results provide clear evidence that only few investors believed in indicators like ownership structure and changes in their pattern can signal about the future price trends. Furthermore, the survey results also revealed that majority of investors rely on TV news for taking investment decisions. It was clear from the study that, though stock markets have been functioning in Oman for the last several years, there is a great need on specialized education or awareness programs on financial markets. The investors especially women were found as not well informed. This might have long term impact on capital markets, as better informed investors create efficient stock markets and help in better utilizing financial resources.

KEYWORDS: Capital Structure, Investor Perceptions