

# Jordan University of Science and Technology

## The Determinants of Leverage of Listed Companies

**Authors:** Khalid Alkhatib

**Abstract:** This aim of this paper is to empirically investigate the determinants of leverage of listed companies. The study sample included 121 listed companies on the Jordanian Stock Exchange extended from the period 2007 to 2010. The sample covered the industrial and services sectors while the financial sector was excluded from the study. For the data analysis, regression model was employed; the explanatory variables comprised of firm liquidity, size, growth rate, profit, and tangibility, whereas the independent variable was the leverage ratio. The results show that for both industrial and services sectors; there were no statistical significant relationship. When the two sectors were separated, the results for the industrial sector revealed that liquidity and tangibly have significant relationship with leverage, whereas the results for the services sector revealed that the growth rate, liquidity, and tangibility have significant relationship with leverage.