

Abstract

The current paper examines the potential determinants of the capital structure decisions the Tanzanian context. The study explains how the non-financial listed companies in Tanzania choose and adjust their strategic financing mix. The static trade-off theory, pecking order theory or information asymmetry theory, and agency cost theory guided the study. The study focused on all 8 non-financial companies listed in Dar es Salaam Stock Exchange (DSE) as at 2011. The financial statements and websites of the 8 companies were extracted to obtain the relevant information. The multiple regressions model was used to test the theoretical relationship between the financial leverage and characteristics of the company. The MINITAB 15 English Computer Software was used to run the regression model. The study reveals that the profitability and assets tangibility are the two key determinants of the capital structure decisions in Tanzania while company size and liquidity are suggestive determinants. The study recommends that, Tanzanian companies should adhere to these determinants in their decisions making on the capital structure.