

Determinants of Capital Structure: An Analysis on the Largest 1000 Industrial Firms in Turkey

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Abstract

This study aims to explain the determinants of capital structure and find out if static trade off or pecking order is more successful in explaining the debt behaviour of industrial firms in Turkey. For this purpose, the data set of largest 500 and following largest 500 industrial firms determined by İstanbul Chamber of Industry have been used. The data set on these firms covers the period of 1993 and 2007. Our findings show that, even though firms that use debt to create more added value, prefer to use internal funds primarily. This finding indicates that pecking order theory is more succesful to explain the debt behaviour of industrial firms in Turkey.

Keywords: *Capital Structure, Panel Models*

JEL Classification: *G32, C23*

‡ *This paper is written in Turkish original.*

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