

DETERMINANTS OF CAPITAL STRUCTURE IN ROMANIA: PANEL DATA EVIDENCE

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Abstract: This study investigates the determinants of capital structure for 108 Romanian listed firms by considering the economic sectors in which these firms operate. Using panel data estimations for the period 2010-2022, this study examines the relationship between debt ratio as a proxy for capital structure and key firm-specific variables including profitability, firm size, tangibility, growth rate, and liquidity. The results show that profitability, liquidity and firm size are negatively related to debt ratio of the Romanian firms for the period 2010-2020. On the contrary, tangibility and growth rate are positively related to debt ratio. Finally, some small differences in the determinants of capital structure across economic sectors are observed.

Key words: capital structure; pecking order theory; debt ratio; profitability; panel data

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