**Capital structure determinants**

*“The study of capital structure attempts to explain the mix of securities and financing sources used by corporations to finance real investment. Most of the research on capital structure has focused on the proportions of debt vs. equity observed on the right-hand sides of corporations’ balance sheets … There is no universal theory of the debt-equity choice, and no reason to expect one. There are several useful conditional theories, however”* (Myers, 2001). The lecture will first overview the rationale of these theories and the difficulties of bringing their predictions to microdata (Graham, and Leary, 2011; Myers, 2015).

Afterward, I will discuss the empirics of three projects focused on the differences between for-profit and not-for-profit enterprises (starting from Fedele and Miniaci, 2010); on the heterogeneous effects of taxation and profitability on capital structure (an evolution of Miniaci et al., 2014); and on the relation between capital structure and product market competition (Cerasi et al, 2017). By so doing, I will provide examples of static and dynamic linear models for panel data; conditional and unconditional quantile regression analyses; and models to account for self-selection and partial observability.

**Reading list**

General references:

Graham, John R., and Mark T. Leary. "A review of empirical capital structure research and directions for the future." Annu. Rev. Financ. Econ. 3.1 (2011): 309-345. <http://www.liuyanecon.com/wp-content/uploads/GrahamLeary-2011.pdf> (highly recommended)

Myers, Stewart C. "Capital structure." Journal of Economic perspectives 15.2 (2001): 81-102. <https://pubs.aeaweb.org/doi/pdf/10.1257/jep.15.2.81>

Myers, Stewart C. "Finance, theoretical and applied." Annual Review of Financial Economics 7 (2015): 1-34.

For the case studies:

Cerasi V., A. Fedele and R. Miniaci, 2017, “Product Market Competition and Access to Credit”, Small Business Economics. 49(2): 295–318 DOI: 10.1007/s11187-017-9838-x.

Fedele A. and R. Miniaci, 2010, “Do Social Enterprises Finance Their Investments Differently from For-Profit Firms? The Case of Social Residential Services in Italy”, Journal of Social Entrepreneurship, 1(2): 174-189. DOI: 10.1080/19420676.2010.511812.

Miniaci R., P. M. Panteghini and M. L. Parisi, 2014, “Debt Shifting in Europe”, International Tax and Public Finance. 21: 397-435. DOI: 10.1007/s10797-012-9266-4.