

Abstract

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Determinants of Capital Structure: An Empirical Study of Building Material and Construction listed Firms in Egypt

The purpose of this study is to carry out empirical testing, using dynamic panel data methodology, to analyze the impact of firm specific characteristics on the corporate capital structure decisions of the Egyptian firms listed on the building material and construction sector. The sample covers 18 firms listed on the building material and construction sector and the analysis is based on the year-end observations of ten consecutive years running from 2003-2012. In this study, the panel data methodology is used and six variables - size, profitability, growth opportunities in sales, non-debt tax shields, liquidity and tangibility - are analyzed as the firm specific determinants of the corporate capital structure. This work contributes to the existing body of literature in the way that all of the independent variables of the study are significant determinants for the capital structure decisions of Selected firms. The analysis shows that variables of profitability, size, non-debt tax shields and liquidity reveal a negative association with the debt ratios, however, tangibility and growth opportunities in sales reveal positive relation with debt level.