

Abstract

The aim of this thesis is to provide empirical evidence on determinants of the capital structure of Czech SMEs. Dataset used is different from previous ones in the studied period, characteristics and number of observations. The financials of 2693 companies over 14 years are addressed using panel data estimation methods. This thesis tests the hypotheses addressing the effect of the determinants based on the main theories in the field (pecking order and trade-off theory) and whether the crisis had an impact on the capital structure. Three measures of debt ratios (total, short-term and long-term debt ratio) are included to capture how either of the ten independent variables affects the maturity structure. Regression results of several estimation approaches (FE, RE, Pooled OLS, Difference GMM, System GMM) are provided and after several validity tests inferences based on System GMM estimation are presented. Results report significant differences in estimates of long-term and short-term or total debt ratio models. The most surprising result is that size and crisis are not statistically significant in any model, contrary age, profitability, liquidity, tangibility and growth are significant at least concerning total and short-term debt ratios. Finally, the pecking order theory prevails in the dataset.

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Keywords	capital structure, determinants of capital structure, Czech SMEs, pecking order theory, trade-off theory
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