Shabd Braham
E ISSN 2320 – 0871
International Research Journal of Indian languages
17 December 2017
Peer Reviewed Refereed Research Journal

# Influence of Macroeconomic Variables on Financial Structure of Nestle India Ltd.

∗Meenal Sharma
Assistant Professor
∗Chameli Devi Institute of Professional Studies
∗∗Dr. Pratima Jain
Associate Professor
∗∗Shri Vaishnav Institute of Management
Indore, M.P., India

## Abstract

*Food Processing Industry is one of the largest growing industry of India, contributes to Indian GDP and foreign exchange reserves. In 1999, the FPI became a focus area for the Government and it was included in the list of priority sector for bank lending. With various infrastructural thrusts being provided to the industry regularly, India is projected to achieve the highest growth rate in the industry across the globe. The major cause of concern for Indian FPI is lack of infrastructural support and low access to credit. It is important for Food Processing Industry to work on their financial policies and internal strengthening. Companies are required to understand various internal and external variables influencing the financial structure of companies. Capital structure is an important aspect of financial management however the influence of macroeconomic factors in the determination of capital structure is to some extent under-researched particularly in food processing sector. The present study analyzes the influence of the macro economic factors on the financial structure of Nestle India Ltd. The article through analytical and descriptive research design aimed at determining the magnitude and the direction of the relationship between selected macroeconomic variables on Nestlé's financial structure. Multiple linear regressions were used where debt equity, leverage and total financial debt to total debt is regressed against growth rate, monetary policy, and interest rate. The study revealed that indeed macro economic factors have pronounced influence on the financial structure of Nestle India Ltd. Growth rate and Monetary Policy significantly influence Debt Equity and Leverage Ratio while Monetary Policy have no significant impact on Total Financial Debt to Total Debt ratio. Interest rate on the other hand has a significant influence* on Total *Financial Debt to Total Debt ratio but not on Debt Equity and Leverage ratio*.

Keywords*: Financial Structure, Macroeconomic variables, Monetary Policy, Growth Rate, Interest Rate, Debt Equity, Leverage and Total financial debt to total debt*

## Introduction

In the era of financial assimilation, every firm is influenced by market and economy. A proper understanding of macroeconomic variables of economy is essential for firms. It is important to consider these variables while framing financial policies of companies. Capital and financial structure may vary from business to business and its composition can change in response of philosophy of company, availability of resources, costing and various internal and external variables. Financial structure of a firm includes compositions of different short term and long term financial instruments. A proper designing and structuring of these financial instruments minimizes the risk associated with company and maximizes value of firm. Financial structure that maximizes value of firm is considered as optimal one. It will also provide higher returns to shareholders. Therefore to improve company's performance it is essential to understand the relationship of external and internal variables influencing capital structure decisions. According to, Gungoraydinogluc & Öztekin (2011) the capital structure of company is not only determined by firm's intrinsic characteristics but is also a result of its external environment in which it operates. In this respect De Jong et al. (2008) and Kayo & Kimura (2011) claimed that there are internal and external determinants that influence the capital structure of companies. While

internal determinants, which are called firm-specific factors, have been analyzed to a large extent, the external determinants have been relatively underrepresented in the literature (Booth et al., 2001; De Jong et al., 2008; Muthama et al. 2013). However, companies operate in particular industries and countries and, thus, understanding the external determinants is important (Jõeveer, 2013).It is these factors that will be change in the long term but cannot be influenced by the companies themselves (Kayo & Kimura, 2011).It is only governments and central banks that are able to use monetary and fiscal policies to influence macroeconomic conditions with the ultimate long-term goal of financial and economic stability, or even an increase in economic wealth (Karadagli, 2012).Various theories like Trade-Off, Pecking Order and Market timing also explain the influence of variables on capital structure choices of firms. The determinants of a company's capital structure have been the focus of many researches since the 20th century. Particular attention has been paid to non-financial companies, operating in sectors such as, e.g. agriculture, construction, IT, manufacturing, mining, real estate, wholesale and retail as well as transport and warehousing, as these sectors, are effectively less regulated with respect to their capital structure (Chipeta & Mbululu, 2013; Cho et al., 2014). The present paper studies the financial structure of Nestle India Ltd., a food processing company in India and macro economic variables impact on its financial structure. The reason for selecting Nestle for the research is its leading position in food processing sector as per market capitalization and potential scope of sector. The macro economic variables considered for the study is monetary policy, Interest rates and growth rate and financial structure variables includes debt equity ratio, Leverage and Total financial debt to total debt. The rest of this paper is structured as follows: The second section concentrates on the relevant literature discussing the effects of the various macroeconomic variables on financial structure of firms. The third section focuses on the research methodology, fourth section represents the definitions of the variables used, the fifth and the sixth section present the data analysis and results and the discussion respectively. The last section concludes the main findings of the paper, brings out the implications of the results, presents the limitations of the present study and discusses the scope for future research.

**Review Of Literature**

The food processing industry is one ofthe largest industries in India-it is ranked fifth in terms of production, consumption, export and expected growth. Increasing incomes are always accompanied by a change in the food basket. The proportionate expenditure on cereals, pulses, edible oil, sugar, salt and spices declines as households climb the expenditure classes in urban India while the opposite happens in the case of milk and milkproducts, meat, egg and fish, fruits and beverages. As per ONICRA Report**,** varied geographic and climatic profile and the variety of crops cultivated, India has a natural advantage in the food and food processing industry. In 1999, the FPI became a focus area for the Government of India and it was included in the list of priority sector for bank lending. With various infrastructural thrusts being provided to the industry regularly, India is projected to achieve the highest growth rate in the industry across the globe. As per Nurlaily et. al (2013), Capital structure decisions are one of the most critical areas for any business organization. It is important because of the need to minimize a firm's cost of capital also maximizing shareholder's wealth. Hence, capital structure decisions have great impact on the financial performance of the firm. The influence of Capital Structure on Financial Performance showed significantly positive. Mokhovaa and Zineckera (2014) argued that the capital structure and its adjustment can be influenced by several internal and external factors or so called determinants of capital structure. In fact internal factors and their impact can be managed by a company, at the same time macroeconomic factors cannot be controlled by the managers. However both types of determinants have a significant influence on the corporate capital

structure. And the knowledge about the level, direction and power of their impact support companies to make effective decisions according capital structure for the purpose of financial stability and sustainable growth. Korajczyk and Levy (2001), claims that the macroeconomic conditions account for 22-72% of the time series variation in leverage. As per Jubaedah (2015), the financial performance of the model suggest a link between the simultaneous capital structure and macroeconomic factors (inflation) of the company's financial performance textiles and textile products that are listed in the Indonesia Stock Exchange. The dominant variable capital structure is Long Term Debt to Total Assets and macro-economic variables are inflation while the Short Term Debt to Total Assets, exchange rates and interest rates did not have an impact on financial performance**.** Khanna et. al. (2015), suggested that the financing policy plays a significant role in achieving strong economic fundamentals for the firms in the long-run. The choice whether to go for debt or equity is impacted by several factors: Firm specific factors such as profitability, asset tangibility, etc. (Bhayani, 2005; Pathak, 2010; Alom, 2013, etc.); external macroeconomic variables like inflation, gross domestic product, etc. (Booth et al., 2001; Bokpin, 2009; Muthama et al., 2013) and both firm specific as well as external macroeconomic variables (Korajczyk and Levy, 2001; Gajurel, 2006; Joeveer, 2006; Bas et al., 2009; Çekrezi, 2013, etc.). It is substantial for the firms to interpret these factors and how they impact the decisions of capital structure choice. Korajaczyk and Levy (2002), studied capital structure choice macro economic conditions and financial constraints. They concluded that the leverage of financially unconstrained firms vary counter cycle with macroeconomic conditions. Moreover, macro economic conditions account for 12% to 51% of the time series variation of firms leverage financing decisions and reflect the state of the economy. It can be concluded from the studies conducted so far, a relationship does exist between corporate capital structure and external macroeconomic variables. As per You et.al. (2011), besides firm characteristics, several articles proved macroeconomic conditions significantly influence the dynamic target capital structure. They examine the effects of firm specific and macroeconomic variables on 960 firms' leverage ratios in New York Stock Exchange and NASDAQ markets between 1995 and 2010. The study reveals that both firm specific and macroeconomic variables have same effects on full sample's debt ratio as previous researches found. As per Tomschik (2015), cited by Jõeveer (2013) and Kayo & Kimura (2011), the study provides empirical evidence that macroeconomic variables can be seen as determinants of capital structure where the impact varies depending on the country of origin. As per Khanna et. al. (2015), the research indicates that changes in macroeconomic environment have a significant impact on the firm's choice of finance both in the long-run as well as in the short-run. An inter-sectoral variation is seen in the capital structure decisions of the firms. It has been found that for primary sector firms, leverage is pro-cyclical (as per the tradeoff theory) i.e., as the economy grows the firms move towards debt; secondary sector firms implies a counter-cyclical leverage i.e., preferring retained earnings (according to the pecking order theory) and for tertiary sector firms equity is pro-cyclical i.e., preference is towards equity, as per the equity market timing theory. Pindado et. al. investigates the effect of the monetary policy or the expected performance of the economy on firms' debt decisions separately. For this purpose, firms are usually classified in different groups depending on the degree of financial constraints that they face. Using the same classification criterion and extending the coverage to a wide international sample that comprises developed and emerging economies, we find that the monetary policy positively affects firms' debt decisions. However, constrained firms are more sensitive to monetary policy measures. Constrained firms behave pro-cyclically in terms of their debt decisions, while debt levels of unconstrained firms are counter-cyclical. Many studies try to throw light on the relation between capital structure and internal and external determinants. Based on the literature review there are

some key internal factors that have significant effect on the financing choice of a company: profitability (Barton & Gordon, 1988; Bauer, 2004; Bastos, Nakamura, & Basso, 2009; Bokpin, 2009; Dincergok & Yalciner, 2011; Keshtkar, Valipour, & Javanmard, 2012 and etc.), asset tangibility (Korajczyk & Levy, 2003; Bastos, Nakamura, & Basso, 2009; Frank & Goyal, 2009; Nguyen & Wu, 2011), growth opportunities (Titman & Wessels, 1988; Ozkan, 2001; Bauer, 2004; Daskalakis & Psillaki, 2008; Kouki & Said, 2012), non-debt tax shields (Ozkan, 2001; Korajczyk & Levy, 2003; Bauer, 2004; Kouki & Said, 2012; Lim, 2012), firm size (Michaelas, Chittenden & Poutzioris, 1999; Korajczyk & Levy, 2003; Bauer, 2004; Hanousek & Shamshur, 2011; Nguyen & Wu, 2011; Lim, 2012). The relations between these variables and capital structure can be negative or positive depending on countries' specifics and debt structure. As per Muthanmal et.al. (2013), macro economic factors have pronounced influence on the capital structure of the listed companies. GDP growth rate was found to have a positive influence on long term debt ratio and a negative influence on total debt ratio and short term debt ratio. Inflation on the other hand had a negative influence on the short term debts while interest rates as measured by the treasury bills have a positive influence on the long term debt ratio and total debt ratio and a negative influence on the short term debt ratio. Ilter (2012), analyzed that Inflation can have hazardous effects on financial statements. It is an uncontrollable external factor for management. The degree of effect can change from company to company based on its net monetary position. As per You et.al. (2011), Profitability, convexity of taxation and market-to-book ratio all show significantly negative effects on leverage ratio while size and collateral have the negative influence. This supports the premise of Korajczk & Levy (2003) and Frank& Goyal (2007) findings. Stock market is found to have highly non-linear patterns among low-leverage and high-leverage firms.

## Rationale And Objectives

Financial Restructuring is one of the emerging areas in the field of finance. Corporate requires funds either for working capital needs, or for expansion, or for diversification. Financial institutions always invest in those companies which are sound and depict fair financial position in terms of liquidity and solvency. At the same time the financial institutions and private players wants their money to grow and book good returns. As far the criteria's of investment are concerned the companies requires maintaining balanced mix capital structure which is able to reduce the financial charges of the firm and through proper financial structuring these companies will be able to book good profits and high EPS. Companies generally consider internal variables while deciding the capital mix but ignore the external one in framing capital structure policies. As the foreign direct investments in food processing sector is increasing day by day, competition is getting high and a proper and optimal mix of capital structure is required for maintaining high profits , good enterprise value and lower cost of capital . For the purpose of the same companies are required to focus on macroeconomic variables also. The present study is based on Nestle India Ltd, a leading giant of Food processing Sector of India on the basis of market capitalization. Nestle India can be considered as the benchmark for all other remaining food processing companies of India and the study indicates variables macroeconomic variables of Indian economy influencing the financial structure of the company which can be refereed by other Food processing companies of India for their own restructuring purposes and strategy formulation. The major objectives if the study is:

- Understanding the financial structure of Nestle India Ltd
- Identify the macro economic factors influencing financial structure of Nestle India Ltd.

## Hypothesis

1. Ho: There is no significant impact of Monetary Policy on Debt Equity of Nestle India Ltd.
2. Ho: There is no significant impact of Growth rate on Debt Equity of Nestle India Ltd.
3. Ho: There is no significant impact of Interest Rate on Debt Equity of Nestle India Ltd.

Shabd Braham
E ISSN 2320 – 0871
International Research Journal of Indian languages
17 December 2017
Peer Reviewed Refereed Research Journal

4. Ho: There is no significant impact of Monetary Policy on Leverage ratio of Nestle India Ltd.
5. Ho: There is no significant impact of Growth rate on Leverage ratio of Nestle India Ltd.
6. Ho: There is no significant impact of Interest Rate on Leverage ratio of Nestle India Ltd.
7. Ho: There is no significant impact of Monetary Policy on Total Financial Debt to Total Debt ratio of Nestle India Ltd.
8. Ho: There is no significant impact of Growth rate on Total Financial Debt to Total Debt ratio of Nestle India Ltd.
9. Ho: There is no significant impact of Interest Rate on Total Financial Debt to Total Debt ratio of Nestle India Ltd.

## Data, Variables And Research Methodology

### A. Data And Variables

Annual Data from 2005 to 2015 of financial structure ratios and macroeconomic variables have been collected from RBI and Annual reports of Nestle India, out of which Financial Structure ratios are considered as Dependent variable while Macroeconomic variables are considered as Independent variables. The financial structure ratios includes Debt Equity ratio, Leverage, Total financial debt to total debt. On the other hand the macroeconomic variables includes, M3 (proxy of monetary policy), Interest Rates, Agricultural and Allied sector growth rate.

### B. Research Methodology

For evaluating the degree of dependency of financial structure on Macroeconomic variables; Linear Regression has been used by Excel. Natural log return of the data has been calculated for the analysis. Regression model was used to derive the relationship and formulae to computer the relationship given below:

$$Y= \alpha + \beta1X1+ \beta2X2+ \beta3X3$$

Y= Financial Structure variable
α= Intercept
β1=Monetary Policy
β2=Interest rates
β3= Agricultural and Allied Sector Growth Rate

## Result And Discussion

1. Table 1: Impact of Macroeconomic Variables on Debt Equity of Nestle India Ltd.

Table 1.0: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .828[a] | .686 | .552 | .14352 | .686 | 5.100 | 3 | 7 | .035 |

a. Predictors: (Constant), MP, IR, GR

Table 1.1: Anova[b]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .315 | 3 | .105 | 5.100 | .035[a] |
| | Residual | .144 | 7 | .021 | | |
| | Total | .459 | 10 | | | |

a. Predictors: (Constant), MP, IR, GR
b. Dependent Variable: DE

Shabd Braham
E ISSN 2320 – 0871
International Research Journal of Indian languages
17 December 2017
Peer Reviewed Refereed Research Journal

| Table 1.2:Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -1.031 | .277 | | -3.719 | .007 |
| | GR | 2.217 | .818 | .848 | 2.711 | .030 |
| | IR | -.099 | .691 | -.036 | -.144 | .890 |
| | MP | 6.473 | 1.836 | .972 | 3.526 | .010 |
| a. Dependant Variable: DE | | | | | | |

Table 2: Impact of Macroeconomic Variables on Leverage of Nestle India Ltd.

| Table 2.0: Model Summary | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .811[a] | .658 | .512 | .05194 | .658 | 4.499 | 3 | 7 | .046 |
| a. Predictors: (Constant), MP, IR, GR | | | | | | | | | |

| Table 2.1: Anova[b] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | .036 | 3 | .012 | 4.499 | .046[a] |
| | Residual | .019 | 7 | .003 | | |
| | Total | .055 | 10 | | | |
| a. Predictors: (Constant), MP, IR, GR | | | | | | |
| b. Dependent Variable: LEV | | | | | | |

| Table 2.2: Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.370 | .100 | | -3.684 | .008 |
| | GR | .903 | .296 | .996 | 3.050 | .019 |
| | IR | .353 | .250 | .369 | 1.414 | .200 |
| | MP | 2.337 | .664 | 1.011 | 3.517 | .010 |
| a. Dependent Variable: LEV | | | | | | |

Table 3: Impact of Macroeconomic Variables on total financial debt to total debt of Nestle India Ltd.

| Table 3.0: Model Summary |
|---|

Shabd Braham
E ISSN 2320 – 0871
International Research Journal of Indian languages
17 December 2017
Peer Reviewed Refereed Research Journal

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .515[a] | .666 | .490 | .20247 | .266 | 5.499 | 3 | 7 | .050 |
| a. Predictors: (Constant), MP, IR, GR | | | | | | | | | |

Table 3.1: ANOVA[b]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .104 | 3 | .035 | 5.499 | .050[a] |
| | Residual | .287 | 7 | .041 | | |
| | Total | .391 | 10 | | | |
| a. Predictors: (Constant), MP, IR, GR | | | | | | |
| b. Dependent Variable: TFDTD | | | | | | |

Table 3.2: Coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.519 | .391 | | -1.327 | .226 |
| | GR | 2.661 | .845 | 1.104 | 3.149 | .035 |
| | IR | 1.932 | .549 | .760 | 3.521 | .024 |
| | MP | 2.662 | 1.355 | .433 | 1.965 | .121 |
| a. Dependent Variable: TFDTD | | | | | | |

## Finding and interpretation

From Table 1, it can be seen that the Adjusted R Square is .552 significant at .035 which indicates that there is a significant impact of macroeconomic variables on Debt Equity ratio of Nestle India Ltd. However Interest rates don't influence the Debt Equity as the significance value is less than .05 while the growth rate and monetary policy have a significant influence on Debt Equity of Nestle. From Table 2, it can be seen that the Adjusted R Square is .512 significant at .046 which indicates that there is a significant impact of macroeconomic variables on Leverage ratio of Nestle India Ltd. However Interest rates don't influence the Leverage as the significance value is less than .05 while the growth rate and monetary policy have a significant influence on Leverage of Nestle. From Table 3, it can be seen that the Adjusted R Square is .490 significant at .050 which indicates that there is a significant impact of macroeconomic variables on Total Financial Debt to Total Debt ratio of Nestle India Ltd. However monetary policy doesn't influence the Total Financial Debt to Total Debt as the significance value is less than .05 while the growth rate and interest rate have a significant influence on Debt Equity of Nestle.

Shabd Braham
E ISSN 2320 – 0871
International Research Journal of Indian languages
17 December 2017
Peer Reviewed Refereed Research Journal

Hypothesis Testing

| S. N. | Hypothesis | Significance Value | Accept/ Reject |
|---|---|---|---|
| 1 | There is no significant impact of Monetary Policy on Debt Equity of Nestle India Ltd. | .010 | Reject |
| 2 | There is no significant impact of Growth rate on Debt Equity of Nestle India Ltd. | .030 | Reject |
| 3 | There is no significant impact of Interest Rate on Debt Equity of Nestle India Ltd. | .890 | Accept |
| 4 | There is no significant impact of Monetary Policy on Leverage ratio o Nestle India Ltd. | .010 | Reject |
| 5 | There is no significant impact of Growth rate on Leverage ratio of Nestle India Ltd. | .019 | Reject |
| 6 | There is no significant impact of Interest Rate on Leverage ratio of Nestle India Ltd. | .200 | Accept |
| 7 | There is no significant impact of Monetary Policy on Total Financial Debt to Total Debt ratio of Nestle India Ltd. | .121 | Accept |
| 8 | There is no significant impact of Growth rate on Total Financial Debt to Total Debt ratio of Nestle India Ltd. | .035 | Reject |
| 9 | There is no significant impact of Interest Rate on Total Financial Debt to Total Debt ratio of Nestle India Ltd. | .024 | Reject |

## Conclusion

The Financial structure and capital structure policies are framed according to the cost and benefit associated with various sources of finance and to take such decisions it is necessary to consider internal and external variables influencing financial structure composition. In this paper we investigate the relation between macroeconomic factors represented by indicators i.e. monetary policies, Interest Rate and Growth rate and financial structure factors represented by Debt Equity ratio, Leverage and Total financial debt to total debt. The findings show the importance of macroeconomic variables while deciding capital structure. The monetary policy has positive influence on the debt equity and leverage ratios while no impact on Total Financial Debt to Total Debt. Moreover, the impact of Growth rate is significant on all the variables of Financial Structure. Interest rate has positive influence on Total Financial Debt to Total Debt, and negative on Debt Equity and Leverage. The influence of macroeconomic factors varies with different ratios of financial structure. The research indicates that there is a significant influence of macroeconomic variables on Financial Structure of Nestle India Ltd.. The further research assume to exceed the sample and investigated period, choose external factors, which are not highly correlated between each other and create regression model, in order to make results more significant and reliable.

## References

*1 Alom, K. (2013), Capital structure choice of Bangladeshi firms: An empirical investigation. Asian Journal of Finance & Accounting, 5(1), 320-333.*

*2 Barton, S. L., & Gordon, P. J. (1988). Corporate strategy and capital structure, Strategic management journal, 9 (6), 623–632http://dx.doi.org/10.1002/smj.4250090608*

*3 Bas, T., Muradoglu, G., Phylaktis, K. (2009), Determinants of Capital Structure in Developing Countries. Research Paper Series. Cass Business School, London, UK.*

*4 Bastos, D. D., Nakamura, W. T., & Basso, L. F. C. (2009). Determinants of capital structure of publicly-traded companies in Latin America: the role of institutional and macroeconomic factors, Journal of international finance and economics, 9(3), 24–39.*

*5 Bauer, P. (2004a). Determinants of capital structure: Empirical evidence from Czech Republic. Czech Journal of economics and finance, 54(1-2), 2–21.*

*6 Bauer, P. (2004b). Capital structure of listed companies in Visegrad countries, Prague economic papers, 2004(2), 159–175.*

*7 Bhayani, S.J. (2005), Determinants of capital structure: An empirical analysis of Indian private corporate sector. Asia-Pacific Business Review, 1(2), 13-23.*
*8 Bokpin, G.A. (2009), Macroeconomic development and capital structure decisions of firms: Evidence from emerging market economies. Studies in Economics and Finance, 26(2), 129-142.*
*9 Booth, L., Aivazian, V., Kunt, A.D., Maksimovic, V. (2001), Capital structures in developing countries. The Journal of Finance, 56(1), 87-130.*
*10 Çekrezi, A. (2013), Analyzing the impact of firm's specific factors and macroeconomic factors on capital structure: A case of small non listed firms in Albania. Research Journal of Finance and Accounting, 4(8), 90-95.*
*11 Dincergok, B., & Yalciner, K. (2011). Capital structure decisions of manufacturing firms' in developing countries, Middle Eastern finance and economics, 12, April, 2011, 86–100.*
*12 Food processing industry in india adding value by creating synergy between agriculture and industry , Onicra Credit Rating Agency of India , viewed on December 21, 2016 http://www.onicra.com/images/pdf/publications/foodprocessingindustry31may.pdf*
*13 Frank, Murray Z. and Goyal, Vidhan K. Trade-Off and Pecking Order Theories of Debt (2007). viewed on December 25, 2016 http://ssrn.com/abstract=670543*
*14 Frank, M. Z., & Goyal, V. K. (2009). Capital structure decisions: which factors are reliably important? Financial management, 38 (1), 1–37.http://dx.doi.org/10.1111/j.1755-053X.2009.01026.x*
*15 Gajurel, D.P. (2006), Macroeconomic influences on corporate capital structure. Available from: http://www.ssrn.com/abstract=899049. [Last retrieved on 2013 Dec 20].*
*16 Hanousek, J. & Shamshur, A. (2011). A stubborn persistence: Is the stability of leverage ratios determined by the stability of the economy? Journal of corporate finance, 17, 1360–1376. viewed on December 22, 2016 http://dx.doi.org/10.1016/j.jcorpfin.2011.07.004*
*17 Ilter C. (2012), "Exploring the Effects of Inflation on Financial Statements through Ratio Analysis", International Journal of Business and Social Science Vol. 3 No. 13; July 2012 154 .*
*18 Joeveer, K. (2006), Sources of Capital Structure: Evidence from Transition Countries. Center for Economic Research and Graduate Education, Academy of Sciences of the Czech Republic Economics Institute, viewed on December 30, 2016 http://www.ssrn.com/abstract=1130306.*
*19 Jõeveer, K. (2013). Firm, country and macroeconomic determinants of capital structure: Evidence from transition economies. Journal of Comparative Economics, 41(1), 294-308.*
*20 Jubaedah, and Yulivan I. (2015), "The influence of capital structure and macroeconomic factor on financial performance and its implications on firm value(An Empirical Study in Textile and Textile's Products Companies Listed in Indonesia Stock Exchange (IDX), I J A B E R, Vol. 13, No. 7 (2015): 5869)*
*21 Kayo, E. K., & Kimura, H. (2011). Hierarchical determinants of capital structure. Journal of Banking & Finance, 35(2), 358-371.*
*22 Keshtkar, R., Valipour, H. & Javanmard, A. (2012). Determinants of corporate capital structure under different debt maturities: empirical evidence from Iran, International research journal of finance and economics, 90, May, 46–53.*
*23 Khanna S, Srivastava A and Medury Y. (2015), "The Effect of Macroeconomic Variables on the Capital Structure Decisions of Indian Firms: A Vector Error Correction Model/ Vector Autoregressive Approach", International Journal of Economics and Financial Issues, International Journal of Economics and Financial Issues, Vol 5 • Issue 4, 968-978.*
*24 Korajczyk, R.A., Levy, A. (2001), Capital structure choice: Macroeconomic conditions and financial constraints. Journal of Financial Economics, 68(1), 75-109.*
*25 Korajczyk, R. A., & Levy, A. (2003). Capital structure choice: macroeconomic conditions and financial constrains, Journal of financial economics, 68(1), 75–109. viewed on December 25, 2016 http://dx.doi.org/10.1016/S0304-405X(02)00249-0*
*26 Kouki, M. & Said, H. B. (2012). Capital structure determinants: new evidence from French panel data, International journal of business and management, 7(1), 214–229.*
*27 Lim M, T. C. (2012). Determinants of capital structure: empirical evidence from financial services listed firms in China, International journal of economics and finance, 4(3), 191–203.*
*28 Michaelas, N, Chittenden, F. & Poutzioris, P. (1999). Financial policy and capital structure choice in U.K. SMEs: empirical evidence from company panel data, Small business economics, 12(2), 113–130. viewed on December 21, 2016 http://dx.doi.org/10.1023/A:1008010724051*
*29 Mokhova N and Zineckeraa M. (2014), "Macroeconomic factors and corporate capital structure", Procedia - Social and Behavioral Sciences Volume 110, , Pages 530-540.*
***30** Muthama, C., Mbaluka, P., Kalunda, E. (2013), An empirical analysis of macro-economic ınfluences on corporate capital structure of listed companies in Kenya. Journal of Finance and Investment Analysis, 2(2), 41-62.*
*31 Nguyen, T., & Wu, J. (2011). Capital http://dx.doi.org/10.1016/0304-405 X(84)90023-0 structure determinants and convergence. Bankers, markets and investors, 111, March-April, 2011, 43–53.*

*32 Nurlaily F, Suhadak S, Rahardjo K, Hsu Wen-Hsi Lydia. (2013), "The influence of macroeconomic and microeconomic variables on capital structure and financial performance",Profit Jurnal Administrasi bisnis, Vol 7, No 1.*
*33 Ozkan, A. (2001). Determinants of capital structure and adjustment to long run target: evidence from UK company panel data. Journal of business finance and accounting, 28(1–2), 175–198. viewed on December 24, 2016 http://dx.doi.org/10.1111/1468-5957.00370*
*34 Pathak, J. (2010), What determines capital structure of listed firms in India? Some empirical evidences from the Indian capital market Available from: http://www.ssrn.com/abstract=1561145.*
*35 Pindadoa,J, Requejoa I, Riveraa Juan C. "Which macroeconomic factors facilitate corporate financing?" viewed on December 22, 2016*
*http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.637.1381*
*36 Titman, S., & Wessels, R. (1988). The determinants of capital structure choice, Journal of finance, 43(1), 1–19. viewed on December 24, 2016 http://dx.doi.org/10.1111/j.1540-6261.1988.tb02585.x*
*37 Tomschik, D. (2015), "The impact of macroeconomic variables on capital structure: A comparison between companies in E7 and G7 countries", 5th IBA Bachelor Thesis Conference, July 2nd, 2015, Enschede, The Netherlands. Copyright 2015, University of Twente, The Faculty of Behavioural, Management and Social sciences., University of Twente.*
*38 You, Mei-Ti and He, Kuang. (2011), "The Effect of Firm-Specific Variables and Macroeconomic Condition on Capital Structure Evidence of Non-Linear Behaviors", viewed on December 22, 2016. https://lup.lub.lu.se/student-papers/search/publication/1982355,*