

Capital Structure Choice in SMEs: Evidence from Kazakhstan

Samal Kokeyeva^{1*}, Ainagul Adambekova²

^{1,2} Narxoz University, Kazakhstan

Abstract

Background - The article examines the factors influencing the decision on the company's capital structure. Along with the standard factors of the company, we also analyze the impact of the industry affiliation of the company on its capital structure. **Purpose** - to test standard firm factors and industry affiliation of firms affecting the capital structure of SMEs. **Design/Methodology/Approach** - the non-financial firms in Kazakhstan with all types of economic activities for 2015-2018 under consideration. In order to study the determinants of capital structure such as asset tangibility, size, growth, liquidity, profitability across the industry group of SMEs for non-financial SMEs in Kazakhstan the authors use panel data analysis. **Findings** - The results indicate that the main factors influencing the process of capital structure management in Kazakhstan SMEs are asset tangibility, size and profitability. It was confirmed that sectoral implications also affect the long-term debt and total debt of SMEs. **Research limitation** - it is necessary to provide further research concerning this topic. It is needed to study the capital structure of SMEs in the long term and across multiple countries, which will give us a more accurate concept of decisions on the capital structure taken in companies. **Originality/value** - the study of capital structure determinants of SMEs in Kazakhstan was not conducted yet. The empirical analysis in many aspects gives the same results as other related studies in emerging markets. However, the size has a negative relation to the capital structure, which does not correspond to most empirical studies.

Keywords: *Capital structure; SME; Panel data; business sector.*



This is an open access article under the CC-BY-NC license.

INTRODUCTION

The topic of capital structure decisions has attracted attention for more than 60 years. Empirical studies on capital structure were conducted mainly on the example of large enterprises, and theories were put forward on the basis of studies of companies in developed countries. However, in recent years there has been an increasing interest in the study of capital structure in small enterprises for developing countries, given that the capital structure of SMEs in developing countries has not yet been sufficiently studied.

SMEs are important engines of sustainable economic growth. In this connection, every year there is a growing interest in research in this area. Due to their size, SMEs are able to participate in innovation processes, they also support the competitiveness of the economy. A large number of country-level studies have evaluated the importance of SMEs in economic development (Beck et al, 2005).

In Kazakhstan as in other countries, the importance of small and medium-sized enterprises (SMEs) for economic growth is well established. The country has a fairly good trend of development of small and medium-sized businesses. The contribution of SMEs to GDP is growing every year. In 2018 SMEs contribute 28% of national income (GDP), and in 2025 it is planned to reach the figure of 30-35% («Kursiv», 2019)

In this study, we consider the following questions: are there any significant differences in the choice of the capital structure of SMEs in Kazakhstan? We provide answers to this question based on the study of the most well-known concepts of capital structure, making an empirical analysis to identify the most significant factors affecting SMEs' capital structure in Kazakhstan. In order to determine the factors

*Corresponding author

samal.kokeyeva@narxoz.kz; ainagul.adambekova@narxoz.kz

influencing the decision-making on the capital structure, we consider the impact on the capital structure of such characteristics of the firm as profitability, liquidity, tangibility, growth, size of the firm and industry. We use an econometric model to assess the impact of a number of internal factors on the capital structure of SMEs in the sectoral context.

LITERATURE REVIEW

One of the central problems of the modern theory of capital structure is the choice of factors that determine the decisions of organizations in the formation of a particular capital structure. The study of the organization's capital structure factors is necessary for a deeper understanding of the motives for such a choice and justification organizations' strategic plans as well as for the development of new mechanisms of control by the organization's owners. Different characteristics of firms in different business sectors can cause differences in the capital structure. This may lead to differences in access to SME finance. Thus, it is possible to observe different models of debt depending on certain characteristics of the company and the business sector. The relationship between these factors and the capital structure choices in SMEs we consider using the concepts of trade-off theory (Kraus & Litzenberger, 1973) and pecking-order theory (Myers & Majluf, 1984). According to the trade-off theory, the optimal structure of funding sources is the capital structure, where the total cost of the tax shield on borrowed capital fully covers the number of costs associated with the potential bankruptcy of the company. In this regard, the capital structure formation is aimed at achieving a balance between the marginal tax benefits from the use of borrowed capital and the total costs associated with the possible probability of financial instability (Kane et al., 1984; Myers, 1984). The main influencing factors are the level of taxation of profits and the level of bankruptcy costs.

According to the pecking-order theory, there are information asymmetries between external investors and managers of organizations. This leads to the fact that companies use internal sources of financing whenever possible, and if there is a need for external financing, they prefer debt obligations to shares. The hierarchical concept States that the level of the debt burden of any firm reflects the lack of retained earnings and the need for external financing. According to this theory, the sources of financing of the company's activities are classified into retained earnings, debt financing and additional issue of shares (Myers, 1984).

Significant influencing factors are the return on assets, financial flexibility, the scale of activities, current liquidity of assets, and variability of income.

The article examines the factors influencing the decision on the company's capital structure. Along with the standard factors such as tangibility, size, growth, liquidity, profitability, we also analyze the impact of the industry affiliation of the company on its capital structure. Assessment of the impact of various factors on the capital structure is the subject of many types of research works. For example, researches are investigating the practice of capital structure formation in only one country (Titman et al., 1988, Gaud, et al., 2003, Chen, 2003, Song, 2005, Eriotis et al., 2007, Gilletal, 2009, Frank and Goyal, 2009, Ivanov, 2010, Akinyomi and Olagunju, 2013). Other researchers examine enterprise data from several countries (Rajan & Zingales, 1995, Wald, 1999, Boothetal, 2001, Hua Hsu and Yu Hsu, 2011, An et al. 2013). Researchers also consider the influence of various factors on the capital structure of companies in one industry (Gilletal, 2009, Tongkong, 2012) or several industries (Bradleyetal, 1984; Titman, Wessel, 1988, Ivanov, 2010).

According to the trade-off theory, a company with higher profitability is more likely to attract borrowed capital due to the fact that the gain from the tax shield is higher compared to competitors. However, the pecking-order theory, in turn, suggests that companies primarily finance from retained earnings, and companies with high profitability have low demand for external financial resources. Thus,

the conclusions of the two theories strongly contradict each other and assume a different sign for this coefficient (Chen, 2004). Small firms often have difficulty accessing external financial sources. This may be the main reason why small firms rely on domestic sources of financing. According to (Jordan et al, 1998), more profitable small and medium-sized enterprises have better access to external financing, however they prefer to use their own funds to finance their operations and investments. (Baum, Caglayan, & Rashid, 2017) also, reveal a positive relationship between short-term debt and firm profitability in non-financial firms. Thus, we propose the following hypotheses regarding the profitability of the firm and the level of debt of the firm:

H1: There is a negative correlation between company profitability and debt ratio.

On the pecking-order theory, the level of debt burden should be lower for companies with a larger amount of fixed assets. This is because a large proportion of tangible assets reduce information asymmetry and thus reduce the cost of additional equity issuance. On the other hand, the share of fixed assets directly affects the level of leverage, because they can be used as collateral, which makes it easier to borrow.

According to the trade-off theory, even though firms have a positive cash flow, bank loans are mostly secured by collateral. Therefore, tangible assets of firms can be used as debt security (Manove, Padilla, & Pagano, 2001). Thus, the positive relationship between SME debt and tangible assets is related to the fact that companies with a high level of tangible assets will incur relatively large debts (Scott, 1976; Titman et al., 1988). According to (Titman et al., 1988) and (Harris, 1991), if the firm has large tangible assets, their liquidation value will be higher, and therefore will be more indebted.

To reduce the risk of creditors in lending, companies provide assets as collateral, which contributes to the increase in debt of companies (Proença, Laureano, & Laureano, 2014). However, the results shown for short-term debt are inconsistent in relation to the relationship of a tangible assets to leverage. The structure of the company's assets depends on the industry specifics of the company and this, as proved by the authors of the compromise theory, has a great impact on the capital structure of companies. Activities and technologies determine the assets used in different industries.

The results of empirical studies do not show unambiguous results, since some scientists like (Nicos Michaelas et al, 1999) and (Di Pietro, Palacín-Sánchez, & Roldán, 2018) suggest a positive relationship, and researchers like (Vieira, 2010) and (Proença et al., 2014) received a negative relation between these factors. In connection with the above, we propose the following hypotheses regarding the asset tangibility and the debt ratio in small and medium-sized business:

H2a: there is a negative relationship between debt ratio and asset tangibility.

H2b: there is a positive relation between debt ratio and asset tangibility.

The impact of a company's growth on its capital structure is debatable. Following the postulates of the trade-off theory, the debt should be negatively correlated with the growth, since due to the growth of the company's activities increases the free cash flow. And the high potential costs of financial instability will help to reduce the debt load of more promising companies. Nonetheless, in accordance with the pecking-order theory, fast-growing companies need to increase external financing, because internal (due to retained earnings) financing becomes insufficient. In addition, financing the growth of activities requires more funds and is unlikely to be covered by retained earnings. Creditors, investors, and shareholders to assess the health of the firm use growth. Previous growth studies are controversial. (Ross, 1977) argues that the link between growth and debt will be positive, because the high growth of the firm will signal that the company is not going to default, and creditors recognizing this, will provide them with favorable credit conditions. (Nicos Michaelas et al, 1999) argue that growth will push firms into seeking external financing, as firms with high growth opportunities are more likely to exhaust internal funds and require additional

capital. In addition, (Stulz, 1990) argue that the reason for positive relationship between growth and debt is the problem of overinvestment and the recognition of company growth by lenders providing loans. On the other hand, (Fama & French, 1998; Hovakimian, 2004) suggest that the negative correlation between growth and debt ratio may be due to the company's desire to finance growth through retained earnings, which is the cause of the underfunding problem. This can be explained by the fact that as growth increases the accumulated retained earnings, therefore, the company needs less external resources to finance its activities, while the growth opportunities increase the cost. However, the assessment of SMEs (Nicos Michaelas et al, 1999) explains that growth rates and debt ratio may have a positive relationship, as SMEs are heavily dependent on short-term debt financing at the stage of their growth. There is no consensus in the literature on the relationship between growth and debt, however many researchers as (Hall, Hutchinson, & Michaelas, 2000; Nicos Michaelas et al, 1999) have suggested a positive relationship between firm growth rate and debt ratio. Thus, we propose the following hypotheses regarding firm growth opportunities and the debt level of the SME:

H3a: Growth rate is positively correlated with debt ratio.

H3b: Growth rate is negatively correlated with debt ratio.

According to the trade-off theory, the size should have a significant impact on the debt ratio and have a positive relationship, since the scale of activity largely determines the ability to attract investment and access to capital markets. Within the framework of the pecking-order theory, the correlation should be significant and be inverse to the debt ratio. This is because larger companies have the ability to accumulate a larger amount of retained earnings and, accordingly, their need for debt financing should be insignificant.

Many issues show that the capital structure of a company depends on the company size. However, there is no single opinion on this matter. Most previous studies show significant positive results with the size of the firm and its leverage (Di Pietro и др., 2018; Fama & French, 1998; Hall et al., 2000; Sogorb-Mira, 2005). This may be because larger firms may have a higher credit rating than the smaller ones. And larger firms are likely to have higher levels of debt to maximize the tax benefits of debt (Rajan & Zingales, 1995). But there are studies where the authors as (Rajan & Zingales, 1995), (Masnoon&Anwar (2012), found a negative relationship between the firm size and its debt, as there is greater transparency about large firms that reduce the undervaluation of a new share issue and encourages firms to finance through their capital. Testable hypotheses regarding firm size and firm debt ratio in small and medium-sized businesses:

H4a: Firm size is positively correlated with debt ratio.

H4b: Firm size is negatively correlated with debt ratio.

Assets liquidity show how much the company can actually pay off its debts. Briley and Myers (1988) argued that the relationship between liquidity and debt is negative. It is assumed that this factor has a significant impact on the estimated parameter. Since in the case of significant liquid assets, enterprises do not need to attract borrowed capital, it can be assumed that the correlation between the studied parameters will be negative. (Anuar & Chin, 2016) argued that firms with high liquidity ratios might have a higher debt ratio due to their greater ability to meet short-term financing. In this regard the proposed hypothesis:

H5: Liquidity is negatively related to firm debt ratio.

In recent years, the study of the relationship between the type of industry and its impact on the capital structure of the firm has received considerable attention. According to Myers' pecking-order theory, a company's debt ratio does not depend on the industry, since the firm determines it itself.

(Balakrishnan & Fox, 1993) also argue that the structural characteristics of the industry are not as important as the firm-specific aspects of managing this risk and its consequences.

But most empirical evidence of sectoral effects finds SME leverage varies across industries (Hall et al., 2000; Harris, 1991; Jordan et al, 1998; Nicos Michaelas et al, 1999, Degryse et al. 2012; Salas-Fumás 2014). They have identified a significant industry impact on a firm's debt, and attribute this to possible differences in risk and asset prices across industries. In connection with the above, we propose the following hypotheses regarding the industry in which firms operate and the debt ratio in small and medium-sized business:

H6: The industry affiliation of SMEs is related to their financing pattern

RESULTS AND DISCUSSION

From 2015 until 2018, a total number of 594 SMEs that satisfied the definitional and data requirements for the research were randomly selected in sixteen sectors of the Kazakhstan economy. The study was conducted by collecting annual financial statements using the Committee on statistics of Kazakhstan database. All firms in the sample are non-financial private companies, with less than 250 employees.

In 2015, the government approved the unified program of business support and development "Business Road map 2020". "Damu" Fund has become a financial agent that implements and monitors financial support (subsidizing interest rates on loans to entrepreneurs, guaranteeing loans to entrepreneurs to banks) within the framework of a Single program, which affected the growth of lending to SMEs (www.damu.kz, 2017). In 2016 the maximum number of loans was issued for the entire period of the Fund's existence (Fig.1). In this regard, we collected data from 2015 to the 2018 year.



Fig. 1 Dynamics of issued loans by second-level banks

Source: (www.damu.kz/poleznaya-informatsiya/msb_reports)

According to previous studies, we also took three types of dependent variables, namely short-term, long-term and total debt ratios. The Long Term Debt Ratio (LDR) measured by Long Term Debt to Total Assets and Short Term Debt Ratio (SDR) measured by Short Term Debt to Total Assets should be evaluated separately (Sogorb-Mira, 2005). We study long-term and short-term debt to determine the difference between factors affecting short-term debt and factors affecting long-term debt.

We use firm-specific characteristics such as firm size, tangibility, profitability, growth, liquidity, and industry type as explanatory variables. These characteristics have been identified by previous studies, which are derived from different theoretical frameworks and can be determined by the capital structure

of the firm (Rajan and Zingales, 1995, Ramlall, 2009). In Table 1, we give descriptive statistics of the data analyzed in this work.

Table 1. Descriptive statistics

Construct	Variable	Mean	Minimum	Maximum	Standard Deviation
Capital Structure	TDR (total debt/total assets)	0.39	0.00	8.48	0.59
	STDR (short- term debt/total assets)	0.13	0.00	11.65	0.49
	LTDR (long- term debt/total assets)	0.27	0.00	5.74	0.47
Asset tangibility	Net fixed assets/ total assets	.37	0.00	3.23	0.31
Size	LogSize	5.443	0.00	7.81	0.75
Growth	$(TotalAssets_t -$ $TotalAssets_{t-1})/TotalAssets_{t-1}$.25	-0.98	27.14	1.44
Liquidity	Current Assets /Current Liabilities	0.535	0.00	15.77	0.49
Profitability	EBITDA/Total Assets	-.18	-44.75	58.21	5.73

Source: Own elaboration.

The general regression model of panel data is written as follows:

$$Debt\ Ratio_{it} = \beta_0 + \beta_1 Tangible\ assets + \beta_2 Size + \beta_3 Growth + \beta_4 Profitability + \beta_5 Liquidity + \alpha_i + \varepsilon_{it}$$

Where Debt Ratio represents the leverage ratio for the firm "i", (i= 1-564 and t=1; β_x represent the coefficients for each independent variable; α_i is the peculiarity of the industry and ε_{it} represent the unknown intercept, that is the error term.

To test hypotheses formulated above and the industrial effect to the capital structure of SMEs in Kazakhstan, we use Least-Squares Dummy Variable (LSDV) regression analysis of the pooled cross-section

and time-series data. The LSDV model outlined in Table 2 includes the five variables and a number of dummy variables, for all but the fifth industry (Industry 5), that replace the intercept.

Our data is panel-based, which allows us to use variable interception models. They introduce firm-type (industry) effects into regression equations that reduce or avoid bias of missing variables (Nicos Michaelas et al, 1999). To determine the extent to which explanatory variable affects the maturity structure of debt, we compute the ratio of the influence of each variable on short-term debt ratio and the influence of the variable on the long-term debt ratio. We define the industry of the company with a dummy variable. Autocorrelation and heteroscedasticity are accounted for in the estimation procedure.

Table 2. The regression coefficients of the industry dummies

Variables	TDR	SDR	LDR
<i>Constant</i>	0.646***	0.295*	0.415**
Asset tangibility	-0.047	-0.133**	0.112*
Size	-0.088***	-0.039*	-0.088***
Growth	-0.020*	-0.008	-0.009
Profitability	-0.0001	0.000	-0.000***
Liquidity	-0.048	-0.0002	-0.057*
Administration and support services	0.280*	0.037	0.280*
Agriculture, forestry, fishing	0.278*	0.042	0.235*
Construction	0.094	0.221	0.0006
Consulting	0.525***	0.171	0.126
Electricity and gas	0.114	0.100	0.007
Hotels and restaurants	0.411**	0.031	0.350***
Information and communications	0.237	0.193	0.128
Manufacturing	0.211	0.083	0.138
Mining and quarrying	0.194	0.064	0.186
Other services	0.537**	0.080	0.614**
Professional activities	0.126	0.171***	0.429***
Real estate	0.440**	0.069	0.440**
Transport and communication	0.220	0.126	0.116*
Wholesale&retail	0.285*	0.161	0.137
<i>N</i>	1648	1648	1648
<i>R-squared</i>	0.0571	0.0204	0.1161
<i>F-(p-value)</i>	4.92 (0.000)	1.70(0.027)	10.69(0.000)

Note: asterisks denote level of significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Source: own study

The negative correlation between debt and profitability corresponds to Myers' Pecking order theory. This suggests that small and medium-sized firms prefer to use their retained earnings first rather than loans and borrowings are used only when additional financing is needed. In highly profitable firms will be more available funds, so they get less debt than firms with low profitability. As can be seen from Table 1, there is a positive relationship between short-term debt and profitability, and a negative relationship for long-term debt for SMEs. This means that profitable firms prefer to fund their operating

expenses with short-term loans, while less profitable firms prefer to borrow for the long term. This result can be obtained because the Government program for the support of small enterprises actively finances Startup Companies that are unprofitable or have very low profits in the initial periods of their activities. (Rajan & Zingales, 1995) found that the relationship between profitability and leverage is negative and this result is consistent with (Titman et al., 1988) who found that the financial performance of the firm is negatively influenced by the debt level. Hypothesis 1 is accepted and it is mean that SMEs prefer internal resources to external ones as a mode of financing.

The tangibility variable result showed a negative relationship between short-term debt and a positive relationship between long-term debt ratio. So concerning short-term debt, it corresponds to hypothesis 2a. And concerning long-term debt, it corresponds to hypothesis 2b. The same results were obtained by (Chittenden, Hall, & Hutchinson, 1996; Sogorb-Mira, 2005; van der Wijst & Thurik, 1993).

The negative relation between short-term debt and asset structure means that small companies without fixed assets are unable to obtain long-term loans due to lack of collateral and therefore need to make greater use of short-term financing.

The result shows a negative and statistically insignificant relationship between growth and the debt ratio. Hence, H3 is rejected. Following the postulates of the pecking order theory of the capital structure, the growth of the company's activities increases the free cash flow, as well as the high potential costs of financial instability, will help to reduce the debt burden of more promising companies. Thus, companies with relatively high growth rates tend to focus on accumulated profits and then short-term debt over long-term debt to finance their growth. (Fama & French, 1998; Hovakimian, 2004) argue that as companies like to finance growth through retained earnings on debt, which is the cause of the problem of underinvestment.

The size has a negative relation with capital structure and it corresponds to the H4 hypothesis. We reject the H4a. This result does not correspond to most of the empirical studies, and the relationship is significant. However, (Rajan & Zingales, 1995) give an alternative argument, that large firms have lower asymmetries between insiders in a firm and the capital markets. That is why large companies should be more capable of issuing informationally sensitive securities like equity and should have lower debt. The result can be a consequence of the state policy of small business support (www.damu.kz, 2017). In recent years, the state has been actively providing subsidies to small businesses, and small firms have a better chance of obtaining loans than the average enterprise.

The result showed a negative relationship between liquidity and debt ratio. The H5 is accepted. Liquidity reflects the ability of companies to sell their assets at a price close to the market and to cope with their short-term liabilities. According to pecking-order theory, companies with high liquidity use less debt and indicate that they finance their business with their own funds. (Myers & Majluf, 1984) argue that the firm can use the first domestic product funding for new investments or other projects before access to external resources financings. The firm will face no transaction costs and having a low debt ratio level it will be kept out of future distress costs and their impact on firm value. The owners of the firm may disagree to raise debt since they are the last ones who are paid if the firm goes into bankruptcy. Another reason is information asymmetry, which states that managers prefer to keep the information inside the firm.

The regression analysis found that industry factors play an important role, with some industries more likely to use leverage than others. Industry dummy ratios are significantly different from zero at the 5% level of significant impact on the long-term debt capital, indicating that industry has a significant impact on the capital structure of small firms. The industry effect is more apparent in long-term debt, which is consistent with (Bradley, Jarrell, & Kim, 1984), who report significant

differences and variations of corporate debt level among industries. It should be noted that while the industry effect has a greater impact on long-term debt ratios compared to short-term debt ratios across all industries, this is especially true in hotel and restaurant services and real estate industries. And it corresponds to Hypothesis 6.

CONCLUSION

In this article, we examine the factors influencing the decision on the company's capital structure of SMEs in Kazakhstan. SMEs were randomly selected in sixteen sectors of the Kazakhstan economy. The study was conducted by collecting annual financial statements. The article empirically investigates the consequences of the application of the theory of capital structure in the small business sector, presents data on the significance of the regression coefficients of various capital structure determinants across industries.

The capital structure choices in SMEs can be determined by firm characteristics and industry factors. Therefore, small businesses' borrowing requirements can vary according to industry or firm type and firm life cycle stage. Most of the results in this study consistent with the Pecking order theory. The study also determined that the distinction between long-term and short-term debt when deciding on capital structure is important. Since the variables of tangible assets and profitability have contradictory effects on the short-term and long-term debt of SMEs, it is required to implement separate capital structure theories for small business long- and short-term debt. Finally, the size has a negative relation to the capital structure, which does not correspond to most empirical studies. Therefore, the future direction of research might consider investigating further the finding in size. It was found that the capital structure of SMEs depends on the industry. The results of this study indicate that any cross-sectional examination of the capital structure determinants at some point in time will cover only part of the whole picture. Therefore, in order to better understand the policy of capital structure in SMEs, future research should investigate the determinants of capital structure in these firms over a longer period of time, taking into account not only the sectoral effect but also the geographical effect.

REFERENCES

- Anuar, H., & Chin, O. (2016). The Development of Debt to Equity Ratio in Capital Structure Model: A Case of Micro Franchising. *Procedia Economics and Finance*, 35, 274–280. [https://doi.org/10.1016/S2212-5671\(16\)00034-4](https://doi.org/10.1016/S2212-5671(16)00034-4)
- Balakrishnan, S., & Fox, I. (1993). Asset specificity, firm heterogeneity and capital structure. *Strategic Management Journal*, 14(1), 3–16. <https://doi.org/10.1002/smj.4250140103>
- Baum, C. F., Caglayan, M., & Rashid, A. (2017). Capital structure adjustments: Do macroeconomic and business risks matter? *Empirical Economics*, 53(4), 1463–1502. <https://doi.org/10.1007/s00181-016-1178-1>
- Beck et al. (2005). Financial and Legal Constraints to Growth: Does Firm Size Matter? - BECK - 2005 - The Journal of Finance - Wiley Online Library. <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1540-6261.2005.00727.x>
- Bradley, M., Jarrell, G. A., & Kim, E. H. (1984). On the Existence of an Optimal Capital Structure: Theory and Evidence. *The Journal of Finance*, 39(3), 857–878. <https://doi.org/10.2307/2327950>
- Chen, J. J. (2004). Determinants of capital structure of Chinese-listed companies. *Journal of Business Research*, 57(12), 1341–1351.

- Chittenden, F., Hall, G., & Hutchinson, P. (1996). Small firm growth, access to capital markets and financial structure: Review of issues and an empirical investigation. *Small Business Economics*, 8(1), 59–67. <https://doi.org/10.1007/BF00391976>
- Di Pietro, F., Palacín-Sánchez, M.-J., & Roldán, J. L. (2018). Regional development and capital structure of SMEs. *Desarrollo regional y estructura de capital de las PYME.*, 18(1), 37–60. <https://doi.org/10.5295/cdg.150530fd>
- Fama, E. F., & French, K. R. (1998). Taxes, Financing Decisions, and Firm Value. *The Journal of Finance*, 53(3), 819–843. <https://doi.org/10.1111/0022-1082.00036>
- Hall, G., Hutchinson, P., & Michaelas, N. (2000). Industry Effects on the Determinants of Unquoted SMEs' Capital Structure. *International Journal of the Economics of Business*, 7(3), 297–312. <https://doi.org/10.1080/13571510050197203>
- Harris. (1991). The Theory of Capital Structure—HARRIS - 1991 - The Journal of Finance - Wiley Online Library. <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1540-6261.1991.tb03753.x>
- Hovakimian, A. (2004). The Role of Target Leverage in Security Issues and Repurchases. *The Journal of Business*, 77(4), 1041–1072.
- Jordan et al. (1998). Strategy and Financial Policy in UK Small Firms—Jordan—1998—Journal of Business Finance & Accounting—Wiley Online Library. <https://onlinelibrary.wiley.com/doi/abs/10.1111/1468-5957.00176>
- Kane et al. (1984). How Big is the Tax Advantage to Debt? - KANE - 1984 - The Journal of Finance - Wiley Online Library. <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1540-6261.1984.tb03678.x>
- Kraus, A., & Litzenberger, R. H. (1973). A State-Preference Model of Optimal Financial Leverage. *The Journal of Finance*, 28(4), 911–922. <https://doi.org/10.1111/j.1540-6261.1973.tb01415.x>
- Manove, M., Padilla, A. J., & Pagano, M. (2001). Collateral versus Project Screening: A Model of Lazy Banks. *The RAND Journal of Economics*, 32(4), 726–744. <https://doi.org/10.2307/2696390>
- MNE: "the share of SMEs in Kazakhstan's GDP will exceed 28% by 2020». (2019). Kursiv news website: <https://kursiv.kz/news/vlast-i-biznes/2019-02/mne-dolya-msb-v-vvp-kazakhstana-prevysit-28-k-2020-godu>
- Myers, S. C. (1984). The Capital Structure Puzzle. *The Journal of Finance*, 39(3), 574–592. <https://doi.org/10.1111/j.1540-6261.1984.tb03646.x>
- Myers, S. C., & Majluf, N. S. (1984). *Corporate Financing and Investment Decisions When Firms Have Information That Investors Do Not Have* (Working Paper Вып. 1396). <https://doi.org/10.3386/w1396>
- Nicos Michaelas et al. (1999). Financial Policy and Capital Structure Choice in U.K. SMEs: Empirical Evidence from Company Panel Data. *Small Business Economics*, 12(2), 113.
- Proença, P., Laureano, R. M. S., & Laureano, L. M. S. (2014). Determinants of Capital Structure and the 2008 Financial Crisis: Evidence from Portuguese SMEs. *Procedia - Social and Behavioral Sciences*, 150, 182–191. <https://doi.org/10.1016/j.sbspro.2014.09.027>
- Rajan, R. G., & Zingales, L. (1995). What Do We Know about Capital Structure? Some Evidence from International Data. *The Journal of Finance*, 50(5), 1421–1460. <https://doi.org/10.1111/j.1540-6261.1995.tb05184.x>
- Ross, S. (1977). The Determination of Financial Structure: The Incentive-Signalling Approach. *Bell Journal of Economics*, 8(1), 23–40.
- Scott, J. H. (1976). A Theory of Optimal Capital Structure. *The Bell Journal of Economics*, 7(1), 33–54. <https://doi.org/10.2307/3003189>
- Sogorb-Mira, F. (2005). How SME Uniqueness Affects Capital Structure: Evidence From A 1994–1998 Spanish Data Panel. *Small Business Economics*, 25(5), 447–457. <https://doi.org/10.1007/s11187-004-6486-8>
- Stulz, RenéM. (1990). Managerial discretion and optimal financing policies. *Journal of Financial Economics*, 26(1), 3–27. [https://doi.org/10.1016/0304-405X\(90\)90011-N](https://doi.org/10.1016/0304-405X(90)90011-N)

Titman et al. (1988). The Determinants of Capital Structure Choice—TITMAN - 1988 - The Journal of Finance - Wiley Online Library. <http://onlinelibrary.wiley.com/doi/10.1111/j.1540-6261.1988.tb02585.x/abstract>

van der Wijst, N., & Thurik, R. (1993). Determinants of small firm debt ratios: An analysis of retail panel data. *Small Business Economics*, 5(1), 55–65. <https://doi.org/10.1007/BF01539318>

Vieira, E. S. (2010). *A estrutura de capital das PME: evidência no mercado português*. 17.

www.damu.kz. (2017). History and key milestones. <https://damu.kz/en/o-fonde/o-nas/osnovnye-etapy-razvitiya-fonda.php>