

Book review

**CAPITAL STRUCTURE POLICY OF STOCK-LISTED
GERMAN COMPANIES**

*(German Title:
KAPITALSTRUKTURPOLITIK DEUTSCHER BÖRSENNOTIERTER
AKTIENGESELLSCHAFTEN)*

Sarah Jaeger, M.A.

Gabler Research Wiesbaden 2012. 165 p., 7 fig. and 33 tab. ISBN 978-3-8349-3546-5.

The optimal capital structure of a company is a problem that exists for a long time in academic research. Liquidity, rentability and the corporate value are the variables that have to be optimized simultaneously. The central question answered by this book is, whether such an optimal capital structure really exists. Therefore, the author offers several new empirical analyses.

In order to achieve this aim, the structure of the book is as follows: While section 1 describes the central problems of the book, section 2 offers the relevant status quo of theory of capital structure policy. The basics of capital definition, their origin and characters are defined. Further, the relevant theory of capital structure is presented. Section 2 ends with the formulation of the theses and dependencies that have to be proved. These theses are summed up very clearly in table 5.

Section 3 describes the main aspects of the analysis. Theory of e.g. multivariate regression analysis and further statistics are presented. In addition, the analysed sample is presented and explained. It has to be stated that existing empirical analyses are implemented as well. Fig. 5 sums up the main aspects of the specifications of the regression model. At this point, the reader is able to understand, which statistical test is used to analyse the sample.

Section 4 as the main part of the book analyses the data of the sample. A descriptive presentation of the data is done, followed by several professional statistic tests. Tab. 32 as a correspondent to tab. 5 presents the aggregated results of the empirical analysis compared to the theses. After that, the several presented theories are discussed according to their validity. Tab. 33 sums up the main results of the analysis and tries to answer the question, if an optimal capital structure policy exists and can be confirmed by empirical analysis.

Section 5 sums up the main results. Several capital structure policies were analyzed according to their empirical relevance. The main result of the thesis is that the Pecking order theory could be verified in practice while main aspects of the Trade-Off theory could be denied.

Financial Assets and Investing

The book offers nearly 500 footnotes and more than 350 cited sources. The structure is clear and helps the reader to become familiar with the topic. The presented theory is described very well and the statistical analyses are done at the level of a Ph.D. dissertation. The book is written at a consequently high level. Its structure convinces the reader and the content is usable for those who have to deal with the topic in practice as well as for those who want to do further academic research.

Last, the mixture of the presented status quo of theory and empirical analysis offers a good basis for further scientific research. The book is recommendable without any restrictions. It is worth to be distributed widely.

Reviewed by:

Dr. Svend Reuse, MBA

Head of Controlling Department, Sparkasse Mülheim
FOM University of Applied Science
Masaryk University / Brno, Czech Republic
Svend.Reuse@fom-dips.de