

# Institutional, Structural and Systematic Factors Influencing Debt-Financing Decisions in Japanese Companies

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This paper is the continuation of my previous study where I presented the patterns and directions of company finance in Japanese manufacturing industry and explained the variables which determine capital structure (empirical study on the relationship between capital structure determinants and models of debt-equity capital structure).<sup>1</sup>

The aim of this paper is to try to explain the institutional, structural, dynamic and static determinants of capital structure in Japanese companies. These factors can be divided into four groups. First group (Structural factors) is discussed in following context: transformation of savings into investments, debt – financing decisions in the context of economic growth, industrial structure and the role of bankin system, economic restructuring and reform. Second group (System factors) consists of such key elements as: organization and structure of Japanese financial system, financial and forex markets, banks and corporate governance, new financial instruments and policy. Third group (Government policies) consists of: tax policy, monetary policy, industrial policy, and deregulation. Finally, the last group (International markets factors) is discussed in following context: debt – financing in Japan and other developed countries, corporate growth and international growth cycles, growth and development of international markets.

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<sup>1</sup> Kuczynski, T. `Debt-Equity in the Practice of Japanese Manufacturing Corporations (1988-2003 Statistical Analysis)`, Hiroshima Shudo University