

OPTIMAL FINANCIAL STRUCTURE IN THE FOOD INDUSTRY LISTED ON THE MEXICAN STOCK EXCHANGE

Arturo Martínez Camacho

Guillermo Velázquez Valadez

Humberto Ríos Bolívar

Summary

This work investigates the firm-specific variables that affect the financial structure of the food industry listed on the Mexican Stock Exchange during the period 2000-2009. To this end, it develops an econometric model of panel data to identify these variables, this model shows that the tangible assets and profitability, are the main variables that are considered by the industry to make their funding decisions. This result is related to the trade-off theories, hierarchy of preferences and agency costs, which argue that companies with a higher proportion of tangible assets are more leveraged, as these can act as collateral assets and minimize conflicts interest between shareholders and creditors, as well as the asymmetry of information between these agents. This reduction of conflicts of interest and information asymmetry, so take the tax advantage of debt compared with the costs of financial distress lead to an optimal financial structure that tends to maximize the value of the company.

Keywords:

Financial Structure, Industry, Optimization, Stock Exchange.

JEL Classification: C23, G11, L66.