

**AN EMPIRICAL EXAMINATION OF  
MULTINATIONAL CORPORATE CAPITAL STRUCTURE**

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Multinational corporations operate in an international environment, encountering economic forces and opportunities not faced by their purely domestic counterparts. It is therefore likely that these multinationals must consider additional factors in determining their target capital structures. However, the existing empirical evidence either assumes that they are adequately proxied by the standard business risk measures. This study examines whether there are systematic differences between multinational and domestic firms in the traditional factors thought to determine capital structure, and whether there are additional international factors relevant to the multinational capital structure decision. The results suggest that specific international factors are relevant to the multinational capital structure decision, that multinationals have higher agency costs of debt than purely domestic firms, and that international diversification does not result in lower earnings volatility for multinational corporations.