

## **Analysis of The Factors Affecting The Capital Structure of Oil Exploration And Production Companies: Comparative Analysis of TP And The Five Major Oil Exploration And Production Companies in The World**

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### **Abstract**

Oil and gas companies are still the most powerful and profitable companies in the world. Knowing the factors that affect the preferences for forming a capital structure of such a critical sector will provide a substantial contribution to the field of capital structure theory which is understated in the literature. Besides, determining capital structure composition and financing decisions of the oil and gas companies are important issues for national and international investors who are considering to invest in the oil and gas sector, for suppliers providing services to the sector and for banks providing funds to the sector. In this context, for analyzing the factors affecting the capital structures of EXXONMOBIL, BP, SHELL, PETROBRAS, LUKOIL and Turkish Petroleum (TP), linear regression and panel data regression analysis are performed by using the data of these companies for the years 2006-2014 (covering 36 quarter period). Empirical results revealed that capex, operating profit, risk and quick ratio have negative relation with leverage, whereas operating net cashflow-growth opportunities-size (all together forming an independent variable) has positive relation with leverage. Additionally, our empirical results mostly support the pecking order theory.

**Key words:** Capital structure, determinants of capital structure, panel data analysis, petroleum companies, Exxon Mobil, BP, Shell, Petrobras, Lukoil, TP