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An Empirical Test of Theories of Capital Structure in Member Airlines of Global Alliances

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ABSTRACT

Airline companies have developed global alliances to adapt to dynamic competition conditions and gain competitive advantage over each other. Many legacy airlines have been members of these global alliances. In this way, the number of destinations and network structures of the airline companies have expanded. In this study, the financial factors affecting the capital structure of the airline companies which are members of global alliances are examined. In this context, it is aimed to reveal the financing behaviors of airline companies by using the theories related to the structure of capital. In the study, the financial data of the member airlines of the world, the largest global alliances (Star Alliance, OneWorld and SkyTeam) were used. In the scope of the study, the period of 2000-2017 was examined and panel data analysis method was used. The results of the study show that short-term, long-term and total debt behaviors in member airlines of global alliances are different. In addition, the findings show that multiple capital structure theory is effective in explaining the financing behavior of airline companies.

KEYWORDS Global Alliances; Capital Structure; Airlines; Panel Data

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