

Capital Structure in the Context of Taxation and Financial Access: A Theoretical Synthesis

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Abstract

This study examines the evolution and integration of capital structure theories and their implications for firm value, with emphasis on taxation and financial access in emerging markets. It applies a systematic literature review supported by bibliometric analysis and narrative synthesis. The article selection process followed PRISMA guidelines, covering identification, screening, eligibility assessment, and final inclusion. Articles were collected from Scopus and ScienceDirect using keywords related to capital structure, taxation, tax shield, financial access, financing constraints, firm value, and emerging markets. The final corpus was analyzed through keyword co-occurrence, thematic mapping, thematic evolution, co-citation analysis, bibliographic coupling, and qualitative narrative synthesis. The findings show that capital structure research has shifted from a static optimality perspective toward a more contextual and institutionally grounded framework. Although debt financing may enhance firm value through tax shields, these benefits are often constrained by information asymmetry, limited external finance, and institutional pressures. The results indicate that taxation and financial access should not be treated as separate determinants, but as interrelated mechanisms shaping corporate financing decisions. The study contributes by developing an integrative theoretical synthesis linking classical capital structure theories with taxation, financial access, agency conflicts, and institutional context in emerging markets, particularly Indonesia.

Keywords:

Capital structure; Firm value; Taxation; Financial access; Emerging markets.

1. INTRODUCTION

Capital structure decisions represent a fundamental issue in corporate finance because they are directly linked to maximizing shareholder value. Capital structure reflects the composition of debt and equity used to finance corporate assets and the risk-return trade-off. The finance literature shows that these decisions influence the cost of capital, firm value, and long-term performance (Lemmon et al., 2008; Rajan & Zingales, 1995). Debt may also create tax benefits, although their magnitude depends on firm characteristics and the institutional environment (Graham, 2000). In publicly listed companies, these decisions become more complex because they are shaped by fiscal policy, capital market dynamics, macroeconomic stability, and information asymmetry (Fan et al., 2012; Myers & Majluf, 1984). Capital structure decisions have long been a central issue in corporate finance theory. Classical literature, including the Modigliani-Miller framework, trade-off theory, and pecking order theory, remains important because it provides the conceptual basis for explaining corporate financing choices (Kraus & Litzenberger, 1973; Modigliani & Miller, 1958, 1963; Myers & Majluf, 1984; Widiastuty, 2010). However, recent developments show that capital structure decisions cannot be fully explained only by the cost of capital, bankruptcy risk, and information asymmetry. In emerging markets, taxation, financial access, institutional quality, and financing constraints also shape firms' ability to determine an optimal mix of debt and equity (Boubaker & Nguyen, 2021; Fan et al., 2012; Oztekin, 2021; Rahmawati et al., 2023; Vo & Ellis, 2022).

The development of capital structure theory originated from the irrelevance propositions of Modigliani and Miller (Modigliani & Miller, 1958, 1963). These propositions argue that, under ideal market conditions without taxes or market inefficiencies, capital structure does not affect firm value. However, when corporate taxes are included, debt can enhance firm value through the tax shield effect (Modigliani & Miller, 1963). Cross-country evidence shows that these benefits are not uniformly realized, especially in emerging markets with institutional constraints, information asymmetry, and shallow financial markets (Booth et al., 2001; De Jong et al., 2008).

These limitations encouraged the development of trade-off theory and pecking order theory. Trade-off theory explains that firms seek an optimal capital structure by balancing tax benefits, bankruptcy costs, and agency costs (Kraus & Litzenberger, 1973; Widiastuty, 2010). In contrast, pecking order theory places information asymmetry at the center of financing preferences and argues that firms prefer internal financing first, followed by debt and equity (Myers & Majluf, 1984). Empirical results show that both theories often produce different implications for corporate debt policy (Fama & French, 2002). Recent studies also emphasize that capital structure decisions are dynamic and influenced by firm-specific factors and institutional environment (Goyal et al., 2011). Although these theories are well established, their application in the Indonesian capital market remains challenging. The dominance of family-owned firms, the underdevelopment of the corporate bond market, and high information asymmetry indicate that Indonesian public companies may not fully follow patterns observed in developed countries (Rahmawati et al., 2023). Empirical studies show that profitability, firm size, and liquidity influence leverage, but taxation and financial access have rarely been examined in an integrated manner (Sumani et al., 2020; Wulandari, 2020).

Although capital structure has been widely examined through the lenses of trade-off theory, pecking order theory, and the Modigliani-Miller framework, prior studies often treat taxation and financial access as separate determinants. This separation limits the understanding of how tax incentives, debt tax shields, financing constraints, and institutional conditions interact in shaping capital structure decisions. This gap becomes more important in emerging markets, where firms face uneven access to external finance, regulatory uncertainty, and varying tax compliance capacities. Therefore, this study fills the gap by integrating taxation and financial access into a theoretical synthesis of capital structure decisions, with specific attention to the Indonesian and emerging market context.

Indonesian capital structure research rarely combines corporate finance with organizational and institutional theories. Strategic management literature emphasizes that corporate financial decisions are shaped by agency conflicts, organizational capabilities, and institutional pressures (Hoskisson et al., 2009; Meckling, W. H., & Jensen, 1976; Scott, 2014). In contrast, this study integrates Modigliani-Miller theory, trade-off theory, and pecking order theory through bibliometric and narrative synthesis. It develops a structured interpretive framework that connects taxation, financial access, institutional context, and capital structure decisions.

1.1. State of the Art

Capital structure research has evolved from a normative approach to a more contextual analysis that takes into account market imperfections, managerial behavior, taxation, financial access, and institutional factors. The classical propositions of Modigliani and Miller (Modigliani & Miller, 1958, 1963) provide the primary basis for explaining how the relationship between capital structure and firm value depends on taxes and market frictions. Later developments in trade-off theory emphasized the balance between the tax advantages of debt, bankruptcy costs, and agency costs as determinants of optimal capital structure (DeAngelo & Masulis, 1980; Kraus & Litzenberger, 1973). In contrast, pecking order theory highlights the role of information asymmetry in shaping firms' financing preferences, especially in less efficient market environments (Myers & Majluf, 1984). The debate between trade-off theory and pecking order theory remains central to the capital structure literature, with empirical evidence suggesting that the two perspectives are complementary rather than mutually exclusive (Frank & Goyal, 2008).

Recent empirical research indicates that no single capital structure theory universally explains leverage behavior. Cross-country studies confirm that capital structure determinants are strongly influenced by institutional characteristics and the level of financial market development (Frank & Goyal, 2008). More recent studies strengthen this view by showing that capital structure decisions are shaped by firm heterogeneity, governance mechanisms, financial constraints, and market-specific institutional conditions. (Wang & Luo, 2024), for example, show that institutional investors influence capital structure decisions in an emerging market by reducing agency costs and information asymmetry. (Tripathi et al., 2024), further demonstrate that capital structure moderates the relationship between corporate governance mechanisms and firm value in India. These findings indicate that capital structure cannot be understood only as a technical decision about debt and equity, but also as a governance-related and institutionally embedded financing choice.

In emerging economies, limited financial access and capital market imperfections often result in firms remaining under-leveraged, even when tax incentives theoretically encourage higher debt usage (De Jong et al., 2008; Santi & Hadi, 2017). Recent evidence confirms that financing constraints remain central in explaining capital structure behavior. (Lee et al., 2024) show that policy stringency affects corporate leverage

and leverage adjustment speed, with stronger effects among financially constrained firms and firms operating in Asia. (Malik & Kashiramka, 2025) also find that financial constraints moderate the relationship between information-related disclosure and leverage across emerging nations. These findings support the argument that firms' ability to use debt depends not only on theoretical tax advantages, but also on access to external capital, information quality, and institutional conditions.

Evidence from Indonesia similarly shows that firm-specific internal factors are more dominant than fiscal factors in explaining capital structure, suggesting a weak transmission of tax benefits into financing decisions (Sumani et al., 2020; Wulandari, 2020). This pattern is consistent with recent emerging market evidence showing that leverage may affect firm value in a nonlinear way. (Karaca et al., 2025) find an inverted U-shaped relationship between capital structure and firm value, indicating that debt may increase firm value up to a certain threshold, but excessive debt can reduce firm value. This evidence supports the trade-off perspective while also showing that the optimal use of debt depends on market context, debt capacity, and firm-level conditions.

The strategic management and organizational literature further expands capital structure analysis by incorporating perspectives from agency theory, the Resource-Based View, and institutional theory. These perspectives emphasize that financing decisions arise from the interaction among stakeholder interests, organizational capabilities, and institutional pressures (Barney, 1991; Hoskisson et al., 2009; La Porta et al., 1998; Meckling, W. H., & Jensen, 1976; Scott, 2014). The Resource-Based View, in particular, conceptualizes access to financial resources as a rare and valuable strategic capability that influences financial flexibility and a firm's competitive advantage (Barney, 1991). Recent Q1-Q2 literature supports this interpretation by showing that capital structure decisions are linked with institutional investors, corporate governance, financial constraints, ESG-related information, and firm value in emerging markets (Karaca et al., 2025; Lee et al., 2024; Malik & Kashiramka, 2025; Tripathi et al., 2024). However, studies that explicitly integrate corporate finance theory with strategic, fiscal, and institutional perspectives in the Indonesian capital market remain limited. This condition creates an opportunity to develop a more comprehensive and contextually grounded theoretical framework.

1.2. Research Gap

Although capital structure theory has advanced through the Modigliani Miller framework, the Trade-Off Theory, and the Pecking Order Theory, empirical evidence suggests that the validity of each theory is highly dependent on institutional context and market characteristics. Most studies in Indonesia continue to focus primarily on internal determinants of capital structure such as profitability, firm size, and liquidity without simultaneously integrating the roles of taxation and financial access as mechanisms for value creation (Wulandari, 2020). Furthermore, research examining the tax benefits of debt generally assumes relatively uniform access to financing, thereby offering limited explanation for the widespread phenomenon of under-leveraged firms observed in emerging markets (Santi & Hadi, 2017).

At the same time, the integration of corporate finance perspectives with organizational and institutional theories remains limited, despite the fact that capital structure decisions are also shaped by agency conflicts, organizational capabilities, and institutional pressures (Hoskisson et al., 2009; Meckling, W. H., & Jensen, 1976; Scott, 2014). International literature emphasizes that financing decisions result from the interaction among agency conflicts, organizational capabilities, and institutional pressures that frame corporate financial behavior across different contexts (Hoskisson et al., 2009). Accordingly, a significant research gap persists regarding the need for an integrative approach that links taxation, financial access, and institutional context in explaining capital structure and firm value in Indonesia.

Although capital structure has been widely examined through the lenses of trade-off theory, pecking order theory, and the Modigliani-Miller framework, prior studies often treat taxation and financial access as separate determinants. This separation limits the understanding of how tax incentives, debt tax shields, financing constraints, and institutional conditions interact in shaping capital structure decisions. This gap becomes more important in emerging markets, where firms face uneven access to external finance, regulatory uncertainty, and varying tax compliance capacities. Therefore, this study fills the gap by integrating taxation and financial access into a theoretical synthesis of capital structure decisions, with specific attention to the Indonesian and emerging market context.

1.3. Problem Statement

The primary issue addressed in this study is the limited integration of taxation and financial access in explaining the effect of capital structure on firm value within the Indonesian capital market. This concern can be articulated through the following research questions:

RQ1: How are capital structure and taxation positioned in the literature as mechanisms for firm value creation in emerging markets?

RQ2: How does the evolution of the financial access theme within the capital structure literature explain variations in corporate debt utilization in emerging markets?

RQ3: How do agency and institutional pressures frame the relationship between capital structure and firm value in the context of emerging markets?

1.4. Research Objectives

This study aims to analyze and synthesize the development of capital structure theory by emphasizing the integration of Modigliani-Miller, Trade-Off Theory, and Pecking Order Theory within the perspectives of taxation and financial access in the context of emerging markets. Specifically, this study seeks to:

- a. Map how capital structure and taxation are positioned in the literature as potential mechanisms for firm value creation;
- b. Examine how the theme of financial access has evolved within the capital structure literature and how it contributes to explaining variations in corporate debt utilization in emerging markets; and
- c. Investigate how agency and institutional pressures frame the relationship between capital structure and firm value within the institutional context of emerging markets.

1.5. Research Contributions

This study offers several theoretical contributions by providing an integrative synthesis of the evolution of capital structure theory through a combined bibliometric and narrative synthesis approach, incorporating perspectives from corporate finance, strategic management, and institutional theory. First, this study enriches the literature by mapping the role of taxation as a value-creation mechanism that has not been strongly integrated into mainstream capital structure research, particularly in emerging markets. Second, it contributes by demonstrating that financial access is not merely a static determinant, but rather a dynamically evolving theme within the literature that plays a critical role in explaining the phenomenon of under-leveraged firms. Third, this study extends the understanding of capital structure as a strategic decision framed by agency conflicts and institutional pressures, thereby providing a conceptual foundation for future empirical research agendas and policy implications in emerging markets.

2. RESEARCH METHOD

The study used a systematic literature review supported by bibliometric analysis. This approach was combined with narrative synthesis and guided by the PRISMA guidelines to examine the evolution and integration of capital structure theory. The method was selected because the study is theoretical and synthetic in nature, namely to map the development of key themes, intellectual structures, and conceptual integration of Modigliani-Miller, Trade-Off Theory, and Pecking Order Theory within the perspectives of taxation and financial access, particularly in emerging markets (Cropanzano, 2009; Webster & Watson, 2002). The combination of bibliometric analysis and narrative synthesis enabled this study to develop an interpretative framework by linking thematic mapping, thematic evolution, co-citation analysis, and bibliographic coupling.

Articles were collected from reputable academic databases using keywords related to capital structure, taxation, tax shield, financial access, financing constraints, firm value, and emerging markets. The literature search was conducted using Scopus and ScienceDirect because both databases provide broad coverage of peer-reviewed publications in corporate finance, taxation, financial management, and emerging market studies. The search string used in this study was: TITLE-ABS-KEY (("capital structure" OR leverage) AND ("trade-off theory" OR "pecking order theory" OR "Modigliani Miller") AND (tax OR taxation) AND ("emerging market" OR "developing country" OR Indonesia)). The initial search yielded 29 relevant documents.

The article selection process followed PRISMA guidelines through four stages: identification, screening, eligibility assessment, and final inclusion. In the identification stage, articles were retrieved from Scopus and ScienceDirect using the predefined search string. In the screening stage, titles, abstracts, and keywords were reviewed to determine their relevance to capital structure theory, taxation, financial access, and emerging markets. In the eligibility assessment stage, full-text articles were examined to assess whether they had sufficient theoretical, empirical, and contextual relevance to the research questions. In the final inclusion stage, articles that met the selection criteria were included in the bibliometric analysis and narrative synthesis.

The inclusion criteria covered peer-reviewed journal articles, studies relevant to capital structure theory, and publications discussing taxation or financial access as determinants of financing decisions. More specifically, the included articles had to address Modigliani-Miller theory, Trade-Off Theory, or Pecking Order Theory; discuss taxation, tax shield, financial access, financing constraints, firm value, or institutional context; and provide empirical or conceptual relevance to emerging markets or Indonesia. The exclusion criteria covered non-academic documents, duplicated articles, inaccessible full texts, and studies unrelated to corporate financing decisions. Articles that discussed capital structure only descriptively without incorporating fiscal, financial access, or contextual dimensions were also excluded from the analysis.

The final articles were analyzed through keyword co-occurrence, co-citation analysis, thematic classification, and qualitative synthesis. The bibliometric analysis was conducted using RStudio with the bibliometrix package, which supports standardized, transparent, and replicable bibliographic data analysis (Aria & Cuccurullo, 2017). The analytical tools employed in this study included PRISMA-based screening,

bibliometric descriptive analysis, thematic mapping, keyword co-occurrence analysis, thematic evolution analysis, co-citation analysis, bibliographic coupling, and narrative synthesis.

To answer RQ1, thematic mapping, keyword co-occurrence networks, and network metrics, including betweenness centrality and PageRank, were used to examine the position of taxation within the capital structure literature (Frank & Goyal, 2009; Modigliani & Miller, 1963). To answer RQ2, thematic evolution analysis was used to trace the dynamics and repositioning of financial access over time. This analysis focused on shifts in thematic emphasis and research agenda development (Booth et al., 2001; Myers & Majluf, 1984). To answer RQ3, co-citation analysis and bibliographic coupling were employed. Co-citation analysis identified the classical theoretical foundations of capital structure research, while bibliographic coupling mapped contemporary research fronts that connect capital structure with agency conflicts and institutional pressures in emerging markets (Fan et al., 2012; Jensen & Meckling, 1976; Scott, 2014).

Narrative synthesis was applied because the reviewed literature is heterogeneous in terms of country context, research design, and theoretical orientation, thereby precluding quantitative meta-analysis (Popay et al., 2006; Webster & Watson, 2002). Multiple Correspondence Analysis was not used because the structure and frequency distribution of keywords did not meet the prerequisites for meaningful conceptual clustering. Therefore, the interpretation focused on thematic dynamics, intellectual linkages, and narrative-based theoretical synthesis.

3. RESULTS AND DISCUSSION

3.1. Bibliometric analysis

3.1.1. Data Profile

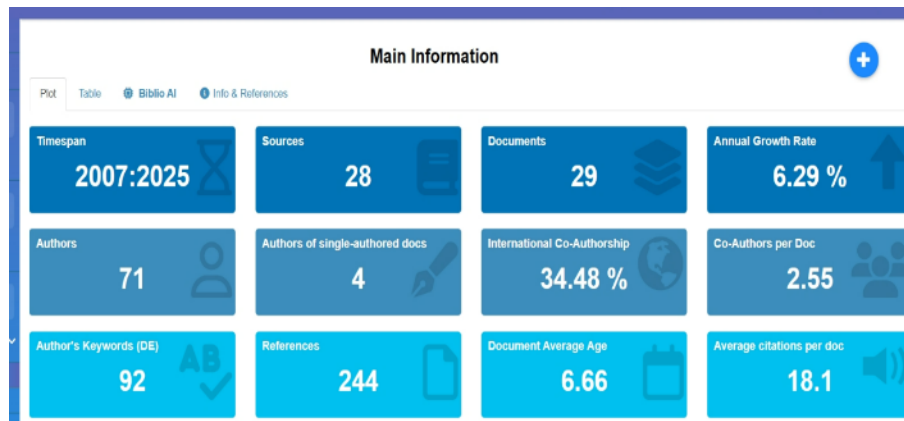


Figure 1. Main Information

The bibliometric profile shows that the research corpus covers the period 2007-2025. The dataset consists of 29 documents published across 28 sources. The annual growth rate is 6.29%, which indicates stable and sustained development in capital structure research in emerging markets. The average citation per document is 18.1, while the mean document age is 6.66 years. These indicators show that the reviewed studies have moderate to strong academic relevance.

The international collaboration rate is 34.48%, and the average number of authors per article is 2.55. These findings indicate that capital structure research has become increasingly collaborative and cross-jurisdictional. The presence of 92 author keywords also shows that the field has strong conceptual diversity. The literature does not only discuss leverage and profitability. It also covers taxation, financial access, institutional characteristics, and financial market development.

3.1.2. Thematic Map

To answer RQ1, RQ2, and RQ3, using Thematic Map and Keyword Co-occurrence analysis, thematic evolution, Coupling, and Co-Citation Analysis, the following is the analysis of the discussion results (Figure 2).

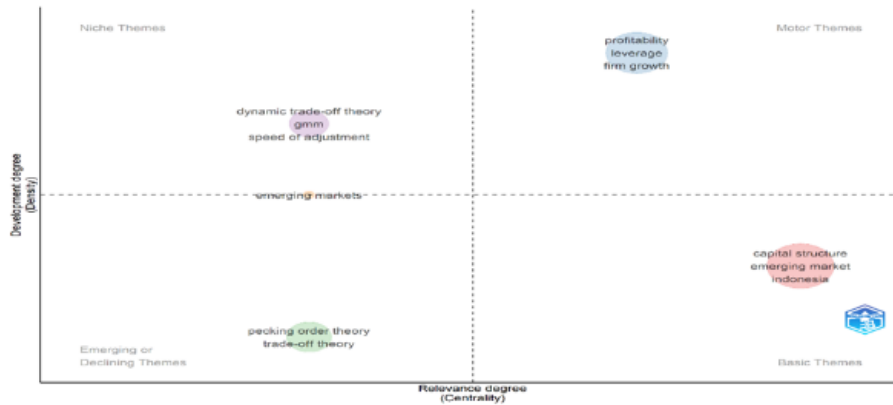


Figure 2. Thematic Map

The thematic map shows that “capital structure, emerging market, and Indonesia” is positioned as a basic theme. This means that the topic is highly relevant but still theoretically underdeveloped. The finding indicates that the relationship between capital structure and firm value in emerging markets has become a fundamental issue. However, the explanatory mechanisms remain insufficient, particularly in relation to taxation and financial access.

The theme “profitability, leverage, and firm growth” appears as a motor theme. This position indicates that mainstream empirical studies still conceptualize capital structure mainly through firm-specific internal determinants. This finding shows that corporate finance research continues to emphasize conventional financial variables, while the fiscal dimension remains less central in explaining capital structure and firm value. The thematic map clarifies the gap between theoretical expectations and empirical emphasis. From the perspective of Modigliani-Miller theory and trade-off theory, taxation should occupy a central position because debt may create value through the tax shield mechanism. However, the weak integration of tax-related themes shows that empirical studies have not consistently treated taxation as a core explanatory mechanism. This supports the need to re-examine taxation as part of an integrated capital structure framework in emerging markets.

Table 1. Summary of Thematic Map Findings

Theme	Quadrant Position	Main Interpretation	Research Implication
Capital structure, emerging market, Indonesia	Basic theme	Highly relevant but theoretically underdeveloped	Indicates the need for stronger conceptual integration in emerging market studies.
Profitability, leverage, firm growth	Motor theme	Dominant and mature empirical theme	Shows that capital structure research remains centered on firm-specific determinants.
Taxation and tax shield	Weakly integrated theme	Less central in the current thematic structure	Indicates that taxation remains underexplored as a value creation mechanism.
Financial access and financing constraints	Developing theme	Increasing relevance in recent studies	Supports the need to integrate financial access into capital structure theory.

3.1.3. Keyword Co-occurrence

The keyword co-occurrence analysis shows that “capital structure” has the highest conceptual centrality in the literature. This finding confirms that capital structure remains the main analytical node in studies of firm value and financing decisions. Other keywords, such as pecking order theory, trade-off theory, profitability, and leverage, function as complementary explanatory themes.

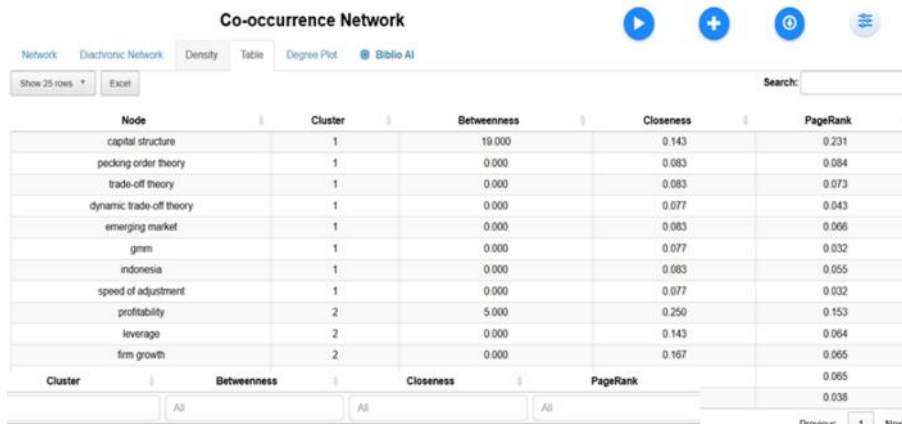


Figure 3. Co-occurrence Network

However, tax-related keywords and dynamic estimation methods, such as dynamic trade-off, generalized method of moments, and speed of adjustment, show lower centrality. This pattern indicates that fiscal dimensions and dynamic leverage adjustment mechanisms have not been fully integrated into mainstream capital structure analysis. Taxation is often treated as a control variable rather than as a mechanism of firm value creation. This finding strengthens the theoretical argument that taxation needs to be connected more explicitly with capital structure decisions. In the extended Modigliani-Miller framework and trade-off theory, the tax shield is an important reason for using debt. However, in emerging markets, the tax benefit of debt may not be fully realized because firms face financing constraints, weak market depth, and institutional limitations.

3.1.4. Thematic Evolution Analysis

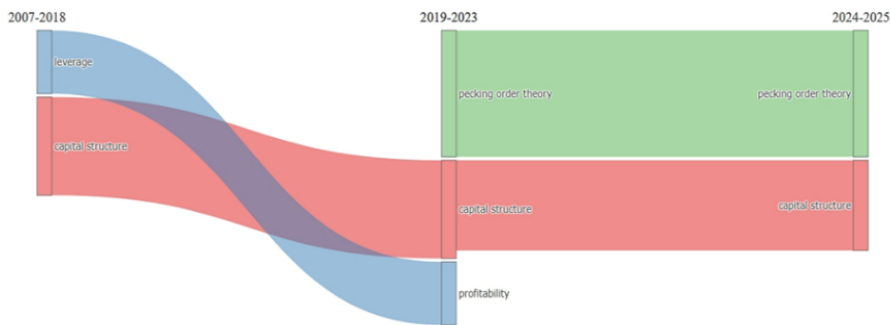


Figure 4. Thematic Evolution

The thematic evolution analysis shows a shift in the capital structure literature over time. During the 2007-2018 period, the literature was dominated by general themes such as capital structure and leverage. This period reflects a classical approach to explaining corporate financing decisions. During the 2019-2023 period, the themes evolved toward firm-specific determinants, especially profitability and financing constraints. In the 2024-2025 period, pecking order theory became more visible, reflecting the growing importance of financial access and information asymmetry. This evolution strengthens the relevance of pecking order theory in emerging market contexts because external financing is often costly, limited, or affected by information asymmetry.

Table 2. Thematic Evolution of Capital Structure Research

Period	Dominant Theme	Main Focus	Interpretation
2007-2018	Capital structure and leverage	Classical financing decisions	Research focused on general leverage behavior and capital structure determinants.
2019-2023	Profitability and financing constraints	Firm-specific determinants and access to finance	The literature began to connect leverage with internal capacity and financing limitations.
2024-2025	Pecking order theory and financial access	Information asymmetry and external financing constraints	Recent studies increasingly emphasize financing hierarchy and limited financial access in emerging markets.

3.1.5. Coupling Analysis

The bibliographic coupling results reveal several contemporary research clusters. One central cluster links capital structure, pecking order theory, and emerging markets. This cluster shows that financial access and information asymmetry have become major concerns in recent research. Another cluster links trade-off theory, regression-based testing, and advanced estimation techniques. This cluster reflects the literature’s effort to refine empirical testing of capital structure theories. However, these research fronts remain fragmented. Some studies focus on behavioral financing and financing hierarchy, while others focus on technical optimality and estimation methods. This fragmentation indicates that the literature still lacks a fully integrated framework that connects taxation, financial access, and institutional context.

3.1.6. Co-Citation Analysis

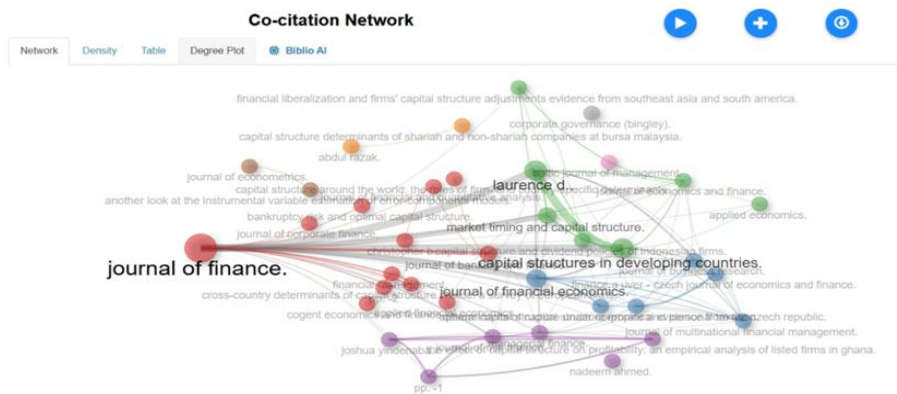


Figure 5. Co-Citation Analysis

The co-citation analysis shows that classical finance journals and foundational studies remain central in the intellectual structure of capital structure research. The emerging clusters connect capital structure with corporate governance, market timing, and developing country contexts. This pattern suggests that capital structure discourse no longer operates as a purely financial framework. It is increasingly shaped by agency conflicts and institutional conditions. The co-citation results support the relevance of agency theory and institutional theory because capital structure decisions are also shaped by ownership concentration, managerial incentives, investor protection, legal enforcement, and financial market development.

Table 3. Linkage between Theoretical Perspectives and Empirical Findings

Theoretical Perspective	Expected Explanation	Bibliometric Finding	Interpretation
Modigliani-Miller framework	Debt may increase firm value through tax benefits when corporate taxes are considered.	Tax-related themes appear but remain less central.	Taxation is theoretically important but not fully integrated as a central empirical mechanism.
Trade-off theory	Firms balance tax benefits of debt against bankruptcy costs and agency costs.	Capital structure and leverage remain dominant themes.	Empirical studies still focus more on leverage determinants than on tax-based value creation.
Pecking order theory	Firms prefer internal financing due to information asymmetry and external financing costs.	Financial access and financing constraints become more visible in recent themes.	The literature increasingly supports financing hierarchy explanations in emerging markets.
Agency theory	Financing decisions are shaped by conflicts between managers, owners, and creditors.	Co-citation and coupling analyses show links with corporate governance and agency conflicts.	Capital structure decisions reflect governance problems and managerial incentives.
Institutional theory	Firm behavior is shaped by regulation, investor protection, and market development.	Emerging market studies show the role of institutional pressures and financial market constraints.	Institutional context moderates the relationship between taxation, financial access, and leverage.

3.2. Data Extraction (PRISMA-Based)

Data extracted from the selected studies were synthesized using a narrative synthesis approach. This approach enables systematic comparison of theoretical assumptions, mechanisms, and contextual factors

across heterogeneous empirical settings. Table 4 presents the data extraction results for 12 representative studies that conceptually reflect the broader set of 29 articles included in the SLR.

Table 4. Core Data Extraction (SLR-Narrative Synthesis)

No.	Author(s) (Year)	Context	Main Theory	Tax Focus	Financial Access	Method	Core Finding	RQ
1	Modigliani & Miller (1963)	Global	MM (Tax)	Yes	No	Theoretical	Tax shield increases firm value	RQ1
2	Kraus & Litzenberger (1973)	Global	Trade-off	Yes	No	Theoretical	Optimal capital structure results from trade-off mechanisms	RQ1
3	DeAngelo & Masulis (1980)	Global	Trade-off	Yes	No	Empirical	Taxes and non-debt tax shields influence capital structure	RQ1
4	Myers & Majluf (1984)	Global	Pecking order	No	Yes	Theoretical	Information asymmetry shapes financing hierarchy	RQ2
5	Booth et al. (2001)	Emerging markets	Trade-off	Yes	Yes	Empirical	Institutional factors affect leverage	RQ1, RQ2
6	De Jong et al. (2008)	Emerging markets	Trade-off	Yes	Yes	Empirical	Financial market limitations affect leverage decisions	RQ2
7	Lemmon et al. (2008)	Global	Dynamic trade-off	No	No	Empirical	Long-term leverage persistence exists across firms	RQ3
8	Frank & Goyal (2009)	Global	Integrative	Yes	Yes	Empirical	Leverage determinants are not universal	RQ1, RQ2
9	Fan et al. (2012)	Cross-country	Institutional trade-off	Yes	Yes	Empirical	Institutional factors frame leverage decisions	RQ1, RQ3
10	Santi & Hadi (2017)	Indonesia	Pecking order	No	Yes	Empirical	Under-leveraged firms are associated with financing constraints	RQ2
11	Rahmawati et al. (2023)	Indonesia	Trade-off	Yes	Yes	Empirical	Tax benefits are not fully optimized	RQ1, RQ2
12	Recent Scopus studies (2019-2024)	Emerging markets	Integrative	Yes	Yes	Empirical	Agency and institutional factors moderate leverage decisions	RQ1-RQ3

3.3. Narrative Synthesis

The narrative synthesis shows that the capital structure literature has consistent thematic patterns but also strong contextual variation. Classical theories position taxation as a mechanism of value creation through the tax shield effect. However, empirical findings in emerging markets show that these tax benefits are not realized uniformly. Firms may face institutional constraints, limited financial access, and market frictions that reduce their ability to use debt optimally.

Studies grounded in pecking order theory emphasize information asymmetry and external financing constraints. These mechanisms explain why firms in emerging markets may remain under-leveraged despite the potential tax benefits of debt. Recent studies also show that capital structure determinants are contextual rather than universal. Institutional quality, corporate governance, investor protection, and capital market development influence how firms determine leverage.

Overall, the synthesis suggests that capital structure in emerging markets cannot be understood through a static optimality framework alone. It should be conceptualized as a strategic financial decision shaped by the interaction among tax benefits, financial access, firm-specific characteristics, agency conflicts, and institutional pressures (Lemmon et al., 2008; Rahmawati et al., 2023).

Table 5. Synthesis of Key Findings

Analytical Dimension	Key Finding	Meaning for Capital Structure Theory
Taxation	Tax-related themes are present but not central in the bibliometric structure.	Taxation should not only be treated as a control variable but also as a mechanism of firm value creation.
Financial access	Financial access and financing constraints become more visible in recent themes.	Limited financial access explains why firms may remain under-leveraged despite tax advantages.
Institutional context	Co-citation and coupling results show growing attention to governance and institutional pressures.	Capital structure decisions in emerging markets require institutional interpretation.
Firm-specific factors	Profitability, firm size, liquidity, and growth remain dominant determinants.	Internal characteristics mediate the relationship between taxation, financial access, and leverage.

3.4. Framework and Finding

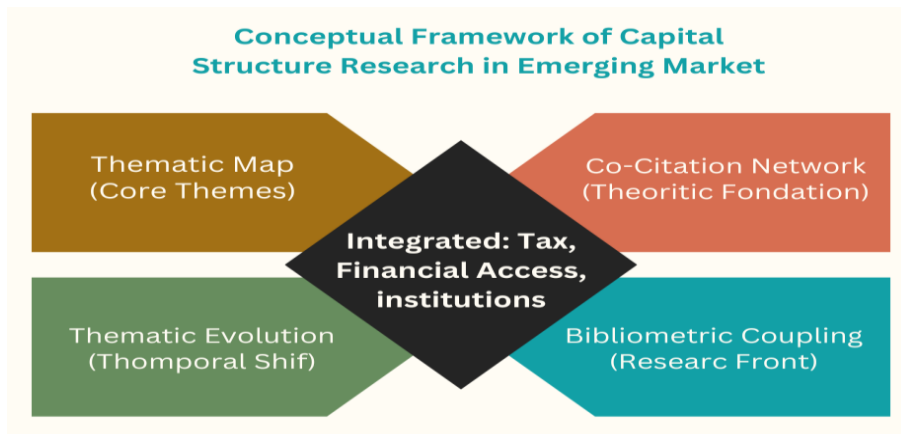


Figure 6. The Framework and Finding

The framework integrates four main analytical dimensions. First, the thematic map identifies capital structure, leverage, and profitability as core themes in explaining firm value (Dang et al., 2014; Vo & Ellis, 2022). Second, the co-citation network shows that the theoretical foundation is still dominated by trade-off theory, pecking order theory, and agency theory (Baker & Wurgler, 2020; Oztekin, 2021). Third, thematic evolution reveals a shift from static leverage-based approaches toward more dynamic perspectives emphasizing financial access, profitability, and institutional pressures (Baker & Wurgler, 2020; Phan & Nguyen, 2020). Fourth, bibliographic coupling identifies contemporary research fronts linking capital structure to corporate governance, financial development, and market frictions (Boubaker & Nguyen, 2021; Huang & Ritter, 2022).

Based on these findings, the framework positions taxation and financial access as key drivers of capital structure decisions. These relationships are mediated by firm-specific characteristics, such as profitability, firm size, liquidity, and asset structure. They are also moderated by external factors, such as institutional

quality, corporate governance, investor protection, and financial market development. This framework provides a basis for future empirical research on capital structure and firm value in emerging markets.

3.5. Discussion

The findings indicate that capital structure in emerging markets cannot be explained solely through a static optimality framework. It should be understood as a strategic decision shaped by taxation, financial access, agency conflicts, and institutional pressures. The integration of bibliometric findings and narrative synthesis shows that financing constraints and information asymmetry often limit the realization of debt tax benefits. This explains why firms may remain under-leveraged even when debt provides potential tax advantages.

Evidence from Indonesia supports this interpretation. Capital structure and liquidity influence firm value through financial performance, which highlights the role of financial constraints in shaping leverage decisions. Other studies show that leverage, profitability, firm size, and corporate social responsibility affect market responses to earnings information. These findings indicate that capital structure decisions interact with strategic signals, governance mechanisms, and institutional conditions in shaping firm value. Capital structure adjustment toward an optimal level is also gradual rather than instantaneous. Adjustment costs, financing constraints, institutional quality, and national financial market characteristics shape the speed and direction of leverage adjustment. Therefore, the proposed framework offers a more contextual explanation of how taxation and financial access influence capital structure decisions in emerging markets.

Empirical evidence from Indonesia further supports this interpretation. Capital structure and liquidity have been shown to jointly influence firm value through financial performance, highlighting the role of financial constraints in shaping leverage decisions (Imronudin et al., 2023). Additional findings demonstrate that leverage, profitability, firm size, and corporate social responsibility collectively affect market responses to earnings information, indicating that capital structure decisions interact with strategic and institutional signals in shaping firm value (Sasongko et al., 2020). Moreover, corporate governance mechanisms moderated by capital structure have been found to influence firm value, reinforcing the argument that governance and agency contexts frame the effectiveness of financing decisions in emerging markets (Ngatno et al., 2021; Syamsudin et al., 2020).

4. CONCLUSION

This study aimed to synthesize and map the development of capital structure research by emphasizing the roles of taxation, financial access, and institutional context within the emerging market literature. Through a bibliometric approach combined with a systematic literature review based on narrative synthesis, the findings demonstrate that capital structure discourse has evolved from a static optimality framework toward a more contextual and institutionally grounded perspective. The thematic map identifies capital structure as a core theme with high relevance, while the thematic evolution analysis confirms a shift in the literature toward financial access issues and the Pecking Order Theory. Furthermore, co-citation analysis and bibliographic coupling reveal that classical theoretical foundations are increasingly enriched by contemporary research fronts linking capital structure with agency conflicts and institutional pressures. Overall, these findings affirm that capital structure decisions in emerging markets are shaped by the interaction among tax mechanisms, financing constraints, and institutional context.

This study confirms that capital structure decisions in emerging markets cannot be understood only through isolated classical theories. Taxation and financial access should be viewed as interrelated factors that shape corporate financing decisions. Future research should empirically test this relationship using firm-level data, compare different industrial sectors, and examine whether tax policy affects capital structure differently across large firms, small and medium-sized enterprises, and firms with different levels of financial access. Comparative studies across emerging markets are also needed to understand how institutional quality and financial market development influence capital structure decisions.

Despite offering a comprehensive conceptual contribution, this study has several limitations. First, it is theoretical and literature-based in nature and does not empirically test causal relationships among capital structure, taxation, and firm value. Second, the scope of analysis is constrained by the number and characteristics of articles included through the PRISMA process, which may affect the breadth of generalization. Third, Multiple Correspondence Analysis (MCA) was not employed because the structure and frequency of keywords in the dataset did not meet the necessary analytical prerequisites; therefore, the conceptual mapping relies primarily on thematic and network-based approaches. As a result, the findings emphasize thematic dynamics and intellectual linkages rather than deeper structural modeling of conceptual relationships.

Based on these limitations, future research is encouraged to combine bibliometric approaches with quantitative or qualitative empirical analysis to more comprehensively examine the mechanisms linking capital structure, taxation, and financial access. Subsequent studies may also expand cross-country coverage or extend the time horizon to enrich understanding of the literature's evolution. From a practical perspective,

the findings provide implications for regulators and policymakers to consider the role of taxation and the strengthening of financial access in fostering more efficient capital structures. For managers of publicly listed firms, financing decisions should be viewed as strategic choices shaped by institutional conditions and financial market constraints, rather than solely by theoretical optimality considerations.

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