

# **FIXED INVESTMENT, INVENTORIES AND WORKING CAPITAL IN EUROZONE SMES DURING THE DEBT CRISIS**

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*Applying multilevel and structural equation models, I study the use of internal and external sources in Eurozone SMEs during the debt crisis, employing the Survey on the access to finance of enterprises by the European Central Bank. I draw on key works in relevant areas such as Fazzari and Petersen (1993), Almeida and Campello (2010) and Cassey and O'toole (2014), in attempting to comprehend if and how SMEs have traded-off internal and external funds for financing fixed investment, inventories and working capital throughout the debt crisis during the period 2009-2013. A sample of over 61,000 firms in the Eurozone surveyed in 10 waves is analysed distinguishing variability at both country and economic activity level; analogously, latent variables are incorporated to address panel data endogeneities. I advance the literature of pecking-order theory in comparing diverse external financing sources, ranging from trade credit to subordinated loans, and its interactions with governmental subsidies.*

**Keywords:** Eurozone SMEs, pecking-order theory, panel data models