



**FACULTEIT ECONOMIE
EN BEDRIJFSKUNDE**

**TWEEKERKENSTRAAT 2
B-9000 GENT**

Tel. : 32 - (0)9 - 264.34.61
Fax. : 32 - (0)9 - 264.35.92

WORKING PAPER

Incremental Financing Decisions in High Growth Companies: Pecking Order and Debt Capacity Considerations

Tom Vanacker ¹

Sophie Manigart ²

August 2007

2007/475

¹ Doctoral student, Department of Accounting and Corporate Finance, Ghent University.

² Professor, Department of Accounting and Corporate Finance, Ghent University and partner, Vlerick Leuven Gent Management School.

Corresponding author: Tom Vanacker (tom.vanacker@ugent.be), Kuiperskaai 55E, B-9000 Gent. We thank Rajesh Aggarwal, Gavin Cassar, Wouter De Maeseneire, Hans Landström, Miguel Meuleman, Harry Sapienza and the participants from the 2006 Babson College Entrepreneurship Research Conference for their helpful comments. A preliminary version of this research is published in the Frontiers of Entrepreneurship Research 2006. We are indebted to Bart Clarysse and Caroline Van Eeckhout for help in the construction of the high growth database. The financial support of the Intercollegiate Center for Management Science (I.C.M.) and “Steunpunt Ondernemerschap, Ondernemingen en Innovatie” is gratefully acknowledged.