

The first part of the paper discusses the general theory of the firm, focusing on the role of the entrepreneur and the importance of capital structure. It examines how the entrepreneur's personal characteristics and the firm's financial structure influence its performance and growth. The second part of the paper provides a detailed analysis of the empirical evidence on the relationship between capital structure and firm performance. It reviews the findings of various studies and discusses the underlying mechanisms that drive these relationships. The third part of the paper concludes with some policy implications and suggestions for future research.