THE DETERMINANTS OF CORPORATE DEBT MATURITY STRUCTURE: A STUDY OF THAI FIRMS

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ABSTRACT

The main purpose of this study is to investigate the determinants of debt maturity structure of non-financial Thai firms listed in The Stock Exchange Market from 2006 to 2011 to understand how firms decide their debt maturity structure. The data is collected from Bloomberg database, Setsmart, and Bank of Thailand database. The study is developed on the basis of five major hypotheses: signaling hypothesis, liquidity risk hypothesis, maturity matching hypothesis, agency theory, and tax hypothesis. Panel data model using generalized linear model assuming logistic functional form is employed to estimate the relationship between dependent variable and explanatory variables. The results reveal that leverage, liquidity, firm quality, asset maturity structure, size of firm, the effective tax rate, and the interest rate volatility have significant impact on firms' debt maturity structure. For an industry effect, the result implies that technology, industrial, and ago & food industry have different behaviors on debt maturity structure compared to property & construction. While services, consumer products, and resources have the same behavior as property & construction. These empirical findings confirm the relevance of signaling hypothesis, liquidity risk hypothesis, maturity-matching hypothesis, agency theory, and tax hypothesis.