

The Optimal Debt Rate of Vietnamese Enterprises

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Abstract: This study is aimed to evaluate the impact of debt ratio (DR) on corporate value (CV) and to determine the optimum DR for companies in Vietnam. The study used the threshold regression model and a number of other methods based on the sample of 247 firms, listed on the Ho Chi Minh City Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX), over the 2009–2015 period. The results show that if the total DR per total assets of enterprises is smaller than or equal to 44.97%, of which short-term DR of enterprises is smaller than or equal to 34.48%, it has a positive impact on CV. From the results of this study, we proposed some recommendations for managers, investors and banks.

Keywords: Capital structure, Corporate value, Debt ratio, Threshold regression model.

JEL classification: C0, G30.

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