Statistical Appendix for Firm-level and institutional determinants of corporate capital structure in Poland: New evidence from the Warsaw Stock Exchange

Table A1 Variable descriptions

|  |  |  |
| --- | --- | --- |
| Variable | Comments | Data source |
| Total liabilities/total assets | Calculated as a ratio of firm total liabilities to firm total assets | NOTORIA |
| Total current liabilities/total assets | Calculated as a ratio of firm total current liabilities to firm total assets | NOTORIA |
| Current bank liabilities/total assets | Calculated as firm total current bank liabilities to firm total assets | NOTORIA |
| Current trade liabilities/total assets | Calculated as firm total trade liabilities to firm total assets | NOTORIA |
| Size | Natural logarithm of total assets. | NOTORIA |
| Collateral | Tangible assets/total assets | NOTORIA |
| Profitability | EBIT/total equity | NOTORIA |
| Liquidity | Calculated as a ratio of firm’s current assets to its current liabilities | NOTORIA |
| Tax shield | (Earnings before tax-earnings after tax)/earnings before tax (Bauer, 2004) | NOTORIA |
| Growth (sales) | An increase in revenues from operating activities (%) | NOTORIA |
| Non-tax debt shield | Depreciation/total assets (Bauer, 2004) | NOTORIA |
| Internationalisation | Approximates a firm’s level of openness to foreign markets; revenues from export/total revenues | NOTORIA |
| WIBOR 3M | Helps capture investors’ monetary policy expectations and the general cost of external financing. | Stooq |
| Strength of legal rights (SoLR) | A discrete indicator recorded on the scale 0-12 showing the degree to which laws concerning bankruptcy and collateral recovery protect lenders and borrowers. | The World Bank |
| Market capitalisation of listed domestic firms (MCAP) | Market capitalisation of domestic companies as % of GDP proxies for the development of the equity market and is calculated according to the World Bank methodology. | The World Bank |
| Domestic credit to the private sector by banks (DCRED) | Total bank credit to firms and households as percent of GDP, proxies for the development of the banking system. | The World Bank |
| GDP growth | We assume that this variable captures inflation as well as fiscal policy changes | Eurostat |
| Contract intensive money | (M2 less money held outside the banking sector) relative to all M2. Higher CIM scores indicate more money held within the financial sector and stronger property rights (Clague, Keefer, Knack and Olson (1996) and Hartwell (2014)). the continuous measure based on high frequency market data captures even small ex-post effects on property rights (rather than the legislative framework related to property rights), which is especially important in a transition context (Hartwell 2014). Even though CIM may capture different effects reaching beyond financial sector development(Clague et al. 1996), the interpretation of the variable should be careful, as it might convey general financial sector development rather than property rights and the impact of institutions, so its usefulness as proxy for property rights may be limited (Williams and Siddique 2008); Hartwell (2014) notes that financial sector development might be gleaned through lower frequency data, as it is slower than changes in property rights. | Authors’ own calculations (data from the National Bank of Poland) |
| Rule of law - estimate | The WGI Rule of law is a continuous measure which helps capture agents perceptions regarding their confidence in and abide by the rules of society (the quality of contract enforcement, property rights, the police, and the courts), as well as the likelihood of crime and violence. For a full list of sources and a thorough methodology guide see Worldwide Governance Indicators website. (http://info.worldbank.org/governance/wgi/#doc) | The World Bank; Worldwide Governance Indicators |
| Subsidies and other transfers | Measured as percent of all central government’s expenses (nonrepayable transfers to public and private entities, foreign governments, organizations, and local government units), the indicator proxies for its size. | The World Bank |
| Resolving insolvency – recovery rate (RR) | In line with the Doing Business description, this index encompasses the time, costs and outcomes of procedures focused on insolvency resolution of domestic companies (including but not limited to the regulations regarding liquidation and reorganization). In contrast to CIM, it focuses on the declared, rather than “realized” rights. More information on the methodology and detailed data sources available on the Doing Business website. | The World Bank |
| Euro area 10Y benchmark bond yield | Euro area 10-year Government Benchmark bond yield (changing composition); the variable is set to capture international macroeconomic conditions. | European Central Bank |

Note 1 Authors’ own. Disclosure of sources where appropriate.

Table A2 Augmented Dickey-Fuller test results

|  |  |
| --- | --- |
| Variable | ADF test results |
| Total liabilities/total assets | inverse chi-square(518) = 1629.15\*\*\*  Inverse normal test = -11.27\*\*\*  test Logit: t(1299) = -16.92\*\*\* |
| Total current liabilities/total assets | inverse chi-square (518) = 922.62 \*\*\*  inverse normal test = -8.99 \*\*\*  test Logit: t(1299) = -9.28 \*\*\* |
| Current bank liabilities/total assets | inverse chi-square (518) = 945.88 \*\*\*  inverse normal test = -10.95 \*\*\*  test Logit: t(1299) = -8.18 \*\*\* |
| Current trade liabilities/total assets | inverse chi-square (518) = 966.68 \*\*\*  inverse normal test = -10.87 \*\*\*  test Logit: t(1299) = -9.28 \*\*\* |
| Size (log) | inverse chi-square (518) = 844.06 \*\*\*  inverse normal test = -4.54 \*\*\*  test Logit: t(1299) = -5.74 \*\*\* |
| Collateral | inverse chi-square (518) = 3972.15 \*\*\*  inverse normal test = -49.21 \*\*\*  test Logit: t(1299) = -67.88\*\*\* |
| Profitability | inverse chi-square (518) = 1328.71 \*\*\*  inverse normal test = -17.09 \*\*\*  test Logit: t(1299) = -18.84 \*\*\* |
| Liquidity | inverse chi-square (518) = 2577,67 \*\*\*  inverse normal test = -30,1661 \*\*\*  test Logit: t(1299) = -42,0834 \*\*\* |
| Tax shield | inverse chi-square (518) = 1202.35\*\*\*  inverse normal test = -17.14 \*\*\*  test Logit: t(1299) = -17.41\*\*\* |
| Growth (sales) | inverse chi-square (518) = 1374.97 \*\*\*  inverse normal test = -20.32\*\*\*  test Logit: t(1299) = -21.34 \*\*\* |
| Non-tax debt shield | inverse chi-square (518) = 774.02\*\*\*  inverse normal test = -5.73\*\*\*  test Logit: t(1299) = -6.21\*\*\* |
| Internationalisation | inverse chi-square (518) = 442.15\*\*\*  inverse normal test = -12.36\*\*\*  test Logit: t(1299) = -11.54 \*\*\* |
| WIBOR 3M | inverse chi-square (518) = 2187.36 \*\*\*  Inverse normal test = -33.53\*\*\*  test Logit: t(1299) = -37.07\*\*\* |
| Strength of legal rights (SoLR) | N/A – a discrete variable |
| Market capitalisation of listed domestic firms (MCAP) | inverse chi-square (518) = 942.05\*\*\*  inverse normal test = -15.86\*\*\*  test Logit: t(1299) = -14.58 \*\*\* |
| Domestic credit to the private sector by banks (DCRED) | inverse chi-square (518) = 1115.72 \*\*\*  inverse normal test = -18.51\*\*\*  test Logit: t(1299) = -17.72 \*\*\* |
| GDP growth | inverse chi-square (518) = 950.62 \*\*\*  inverse normal test = -15.43\*\*\*  test Logit: t(1299) = -14.41\*\*\* |
| Contract intensive money | inverse chi-square (518) = 589.24 \*\*  inverse normal test = -7.49\*  test Logit: t(1299) = -6.67\*\* |
| Rule of law - estimate | inverse chi-square (518) = 2849.44 \*\*\*  inverse normal test = -42.49 \*\*\*  test Logit: t(1299) = -48.79 \*\*\* |
| Subsidies and other transfers | inverse chi-square (518) = 3652.14 \*\*  inverse normal test = -50.41\*\*\*  test Logit: t(1299) = -62.59\*\*\* |
| Resolving insolvency – recovery rate (RR) | inverse chi-square (518) = 2269.07 \*\*\*  inverse normal test = -34.19\*\*\*  test Logit: t(1299) = -38.37=\*\*\* |
| Euro area 10Y benchmark bond yield | inverse chi-square (518) = 779.09 \*\*  inverse normal test = -12.29 \*\*  test Logit: t(1299) = -11.12 \*\* |

Note 2 Authors' own calculations; \*\*\*, \*\*, \* indicate statistical significance at the 1%, 5% and 10% levels respectively. Figures have been rounded up to the second decimal place for clarity.

Table A3 Summary statistics

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variable | average | minimum | maximum | standard deviation |
| Total liabilities/total assets | 0.3893 | 0 | 1.6333 | 0.2197 |
| Total current liabilities/total assets | 0.2851 | 0 | 1.3588 | 0.1962 |
| Current bank liabilities/total assets | 0.0661 | 0 | 0.5347 | 0.0882 |
| Current trade liabilities/total assets | 0.1493 | 0 | 0.6743 | 0.1501 |
| Size (log) | 12.2736 | 2.3026 | 17.6413 | 1.6012 |
| Collateral | 0.2046 | 0.0000 | 0.8077 | 0.1941 |
| Profitability | -0.1781 | -401.5300 | 1.0424 | 8.4274 |
| Liquidity | 2.4751 | 0.0000 | 57.4214 | 4.2197 |
| Tax shield | -0.1766 | -252.4450 | 1.9724 | 6.2001 |
| Growth (sales) | 0.0715 | -2.4596 | 3.6453 | 0.3989 |
| Non-tax debt shield | 0.0408 | -0.0662 | 0.2010 | 0.0331 |
| Internationalisation | 0.1115 | 0.0000 | 0.9144 | 0.1951 |
| WIBOR 3M | 0.0391 | 0.0187 | 0.0599 | 0.0115 |
| Strength of legal rights (SoLR) | 8.6671 | 8.000 | 9.0000 | 0.4713 |
| Market capitalisation of listed domestic firms (MCAP) | 0.3028 | 0.000 | 0.4936 | 0.1368 |
| Domestic credit to the private sector by banks (DCRED) | 0.4964 | 0.3713 | 0.5391 | 0.0384 |
| GDP growth | 0.0307 | 0.0130 | 0.0720 | 0.0139 |
| Contract intensive money | 0.8713 | 0.8533 | 0.8814 | 0.0050 |
| Rule of law - estimate | 0.5612 | 0.5000 | 0.6000 | 0.0458 |
| Subsidies and other transfers | 0.5942 | 0.0000 | 0.7154 | 0.2109 |
| Resolving insolvency – recovery rate (RR) | 0.3694 | 0.0000 | 0.5700 | 0.1567 |
| Euro area 10Y benchmark bond yield | 0.0315 | 0.0119 | 0.04399 | 0.0114 |

*Note 3 Authors' own calculations based on data retrieved from sources listed in the text. Rounded up to the fourth decimal place.*

Table A4 Yearly averages of debt ratios and institutional variables

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | mean values of debt (%) | | | |  |  |  |  |  |  |  |
|  | total debt | short term | | | DCRED  (%) | MCAP  (%) | SoLR | CIM  (%) | RoL  (%) | contract enforcement  (days) | RR (%) |
|  |  | total | bank | trade |  |  |  |  |  |  |  |
| 2007 | 43.0 | 32.9 | 4.8 | 23.9 | 37.1 | 49.4 | 8.0 | 85.32 | 36 | 980 | 33.8 |
| 2008 | 41.5 | 29.7 | 4.3 | 21.9 | 47.6 | 17.1 | 8.0 | 85.33 | 51 | 830 | 33.7 |
| 2009 | 39.4 | 26.6 | 5.0 | 18.6 | 47.4 | 34.6 | 8.00 | 86.95 | 59 | 830 | 34.1 |
| 2010 | 39.9 | 28.5 | 6.3 | 19.2 | 48.8 | 39.8 | 9.00 | 87.31 | 66 | 830 | 34.1 |
| 2011 | 41.3 | 29.1 | 6.8 | 18.2 | 51.4 | 26.1 | 9.00 | 87.49 | 75 | 830 | 35.8 |
| 2012 | 39.3 | 29.2 | 8.6 | 13.3 | 50.1 | 35.5 | 9.00 | 87.99 | 75 | 830 | 31.5 |
| 2013 | 40 | 28.9 | 6.7 | 14.2 | 51.1 | 39.0 | 9.00 | 87.95 | 79 | 685 | 54.5 |
| 2014 | 39.9 | 27.7 | 5.6 | 15.0 | 52.2 | 31.0 | 9.00 | 88.14 | 82 | 685 | 54.8 |
| 2015 | 40.9 | 30.6 | 8.3 | 13.7 | 53.9 | n/a | n/a | 87.65 | 79 | n/a | 57 |

Note 4 The debt ratios are expressed relative to total assets; financial system indicators are described in detail in Table 1. Source: debt ratios – authors’ own calculations based on the data retrieved from NOTORIA SERWIS, institutional and macroeconomic indicators - The World Bank Open Data, The World Bank Group Ltd.

Table A5 Total liabilities

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Explanatory variables/Y= | Total liabilities | | | | | |
| Coefficients (standard errors) | | | | | | |
|  | 1 | 2 | 3 | 4 | 5 | 6 |
| Total liabilities (t-1) | 0.95226 (0.15220)\*\*\* | 0.94356 (0.14910)\*\*\* | 0.94053 (0.14930)\*\*\* | 0.94987 (0.15220)\*\*\* | 0.94008 (0.14900)\*\*\* | 0.94104 (0.14950)\*\*\* |
| Size | -0.05703 (0.02452)\*\* | -0.05843 (0.02586)\*\* | -0.05977 (0.02605)\*\* | -0.06082 (0.02491)\*\* | -0.06349 (0.02627)\*\* | -0.06417 (0.02626)\*\* |
| Collateral | 0.00109  (0.13530) | -0.0387  (0.13020) | -0.03508  (0.13370) | 0.00797  (0.13530) | -0.02823 (0.13030) | -0.02503 (0.13340) |
| Profitability | 0.00172  (0.00493) | 0.00191  (0.00487) | 0.00199  (0.00486) | 0.00176  (0.00495) | 0.00198 (0.00486) | 0.00204 (0.00492) |
| Liquidity | 0.00002  (0.00002) | 0.00001  (0.00001) | 0.000016  (0.00001) | 0.00002  (0.00002) | 0.000014  (0.00001) | 0.000015  (0.00001) |
| Growth | 0.00006  (0.00020)\*\*\* | 0.00006  (0.00002)\*\*\* | 0.00006  (0.00001)\*\*\* | 0.00006  (0.00002)\*\*\* | 0.00006  (0.00002)\*\*\* | 0.00006  (0.00002)\*\*\* |
| Internationalisation | 0.06720  (0.05564) | 0.05942  (0.05050) | 0.05669  (0.05322) | 0.06664  (0.05571) | 0.05647 (0.05133) | 0.05697  (0.05193) |
| Tax shield | -0.00007  (0.00003)\*\* | -0.00007  (0.00003)\*\* | -0.000069 (0.00003)\*\* | -0.00007  (0.00003)\*\*\* | -0.00007  (0.00003)\*\* | -0.00007  (0.00003)\*\* |
| Non-tax debt shield | 0.04935  (0.01013)\*\*\* | 0.04933 (0.01027)\*\*\* | 0.05004 (0.00966)\*\*\* | 0.04788  (0.01038)\*\*\* | 0.04758 (0.01065)\*\*\* | 0.04781 (0.01059)\*\*\* |
| WIBOR 3M | -0.31471  (0.46220) | -0.32641  (0.42790) | -0.33652  (0.43710) | -0.33159  (0.45460) | -0.32904 (0.42910) | -0.34697 (0.43810) |
| Contract intensive money | 2.86969  (0.89240)\*\*\* | 2.51061 (0.91540)\*\*\* | 3.37567 (1.25100)\*\*\* | - | - | - |
| Subsidies and other transfers | - | 0.13512  (0.22500) | -1.36368  (1.24200) | - | 0.24077 (0.22240) | -1.77403 (1.22400) |
| Rule of law | - | - | - | 0.22563 (0.06355)\*\*\* | 0.210451 (0.06320)\*\*\* | 0.27606 (0.08647)\*\*\* |
| Market capitalisation | -0.00219  (0.00077)\*\*\* | -0.00222  (0.00078)\*\* | -0.00166  (0.00079)\*\* | -0.00123 (0.00061)\*\* | -0.00103 (0.00060)\* | -0.00032 (0.00080) |
| Domestic credit | -0.01777  (0.10530) | 0.01002  (0.10600) | 0.00768  (0.10740) | -0.01711  (0.10560) | 0.01005 (0.10600) | 0.01085 (0.10680) |
| GDP growth | 0.57725  (0.38910) | 0.56605  (0.38370) | 0.55738  (0.38580) | 0.56812  (0.39160) | 0.55526 (0.38030) | 0.55804 (0.38420) |
| Crisis | -0.00506 (0.01134) | -0.00676  (0.01067) | 0.05873  (0.04868) | -0.00052  (0.01192) | 0.00290 (0.01121) | 0.08365 (0.05066)\* |
| Resolving insolvency – recovery rate | 0.01439  (0.03400) | 0.00717  (0.03470) | 0.00614  (0.03481) | 0.01477  (0.03373) | 0.00777 (0.03477) | 0.00735 (0.03480) |
| Euro area 10Y benchmark bond yield | - | - | -4.92765  (3.938) | - | - | -6.40279 (3.978)\* |
| Constant | -1.57298  (0.66450) | -1.47138 (0.67250)\*\* | -1.12430  (0.66180) | 0.79685  (0.34160) | 0.52163 (0.32830) | 1.97401 (0.97060) |
| Number of observations | 1792 | 1792 | 1792 | 1792 | 1792 | 1792 |
| Number of variables | 17 | 18 | 19 | 17 | 18 | 19 |
| AR (1) | -3.815 \*\*\* | -3.837 \*\*\* | -3.816 \*\*\* | -3.822 \*\* | -3.837 \*\*\* | -3.808 \*\*\* |
| AR (2) | 0.5008 | 0.5162 | 0.5319 | 0.5207 | 0.5437 | 0.5368 |
| Wald – joint | 1155. \*\*\* | 1184. \*\*\* | 1428. \*\*\* | 1047.\*\*\* | 962.4 \*\*\* | 984.3 \*\*\* |
| Wald – dummy | 5.603 \*\*\* | 4.787 \*\* | 2.886 \* | 5.441 \*\* | 2.525 | 4.137 \*\* |
| Sargan test | 249.4 | 252.8 | 252.4 | 249.9 | 252.8 | 252.3 |

Note 5 Authors’ own calculations; \*\*\*, \*\*, \* indicate statistical significance at the 1%, 5% and 10% levels respectively. Where possible, the results have been rounded up to the fifth decimal place.

Table A6 Current liabilities

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Explanatory variables/Y= | Current liabilities | | | | | |
| Coefficients (standard errors) | | | | | | |
|  | 1 | 2 | 3 | 4 | 5 | 6 |
| Current liabilities (t-1) | -0.00019  (0.00054) | -0.00018  (0.00054) | -0.00017 (0.00057) | 0.83182 (0.16950)\*\*\* | 0.83235  (0.16940) \*\*\* | -0.00017  (0.00058) |
| Size | 0.00003  (0.00032) | 0.00005 (0.00034) | 0.00005 (0.00036) | -0.07535 (0.02548)\*\*\* | -0.07559 (0.02527)\*\*\* | 0.00004  (0.00037) |
| Collateral | -0.00007  (0.00234) | 0.00017  (0.00261) | 0.00014 (0.00277) | -0.10091 (0.1199) | -0.10284 (0.11810) | 0.00001  (0.00278) |
| Profitability | 0.00000  (0.00003) | 0.00001  (0.00002) | 0.00001 (0.00002) | -0.00057  (0.00502) | -0.00053  (0.00501) | 0.00001  (0.00002) |
| Liquidity | -0.00000  (0.00001) | -0.00001 (0.00001) | -0.00000 (0.000001) | 0.00001 (0.00002) | 0.00001  (0.00002) | -0.00000  (0.00000) |
| Growth | -0.00000  (0.00002) | -0.00003 (0.00001) | -0.00001 (0.00002) | 0.00010 (0.00002)\*\*\* | 0.00009  (0.00002)\*\*\* | -0.00001  (0.00001) |
| Internationalisation | -0.00048  (0.00347) | -0.00027 (0.00361) | -0.00026 (0.00363) | 0.03247 (0.05331) | 0.03310  (0.05340) | -0.00029  (0.00367) |
| Tax shield | -0.00001  (0.00001) | -0.00001  (0.00000) | -0.00001  (0.00001) | -0.00007 (0.00004)\* | -0.00007  (0.00004)\* | -0.000001 (0.00000) |
| Non-tax debt shield | -0.00106  (0.00235) | -0.00101  (0.00236) | -0.00099 (0.00253) | 0.03885 (0.01162)\*\*\* | 0.03870 (0.01167)\*\*\* | -0.00099  (0.00253) |
| WIBOR 3M | 0.00111  (0.01356) | 0.00178 (0.01394) | 0.00178 (0.01394) | -0.31216 (0.49960) | -0.31324  (0.49900) | 0.00092  (0.01404) |
| Contract intensive money | -0.00175  (0.02982) | 0.00574 (0.04638) | 0.00592 (0.04708) | - | - | - |
| Subsidies and other transfers | - | -0.00130 (0.00619) | -0.00188 (0.02782) | - | -0.08085  (0.21860) | -0.00059 (0.02628) |
| Rule of law | - | - | - | 0.19323 (0.05853)\*\*\* | 0.19797 (0.05841)\*\*\* | -0.00024  (0.00379) |
| Market capitalisation | -0.00001  (0.00002) | -0.00001  (0.00003) | -0.00001 (0.00001) | -0.00089  (0.00057) | -0.00095 (0.00059)\* | -0.000003  (0.00003) |
| Domestic credit | -0.00129  (0.00303) | -0.00102 (0.00331) | -0.00103 (0.00334) | -0.06260 (0.11110) | -0.06237  (0.11150) | -0.00116  (0.00316) |
| GDP growth | -0.00314  (0.00903) | -0.00299  (0.00906) | -0.00309 (0.01009) | 0.58839 (0.38590) | 0.58854  (0.38560) | -0.00255 (0.01144) |
| Crisis | 0.00006  (0.00037) | 0.00004  (0.00037) | 0.00007 (0.00137) | -0.00043 (0.01135) | -0.00140 (0.01089) | 0.00004  (0.00136) |
| Resolving insolvency – recovery rate | -0.00036  (0.00072) | -0.00033  (0.00073) | -0.00033 (0.00074) | 0.01532 (0.03726) | 0.01543  (0.03720) | -0.00040  (0.00089) |
| Euro area 10Y benchmark bond yield | - | - | -0.00189 (0.08905) | - | - | 0.00008  (0.08775) |
| Constant | 0.00221  (0.02615) | -0.00381 (0.03873) | -0.00349 (0.04153) | 0.89574 (0.30190)\*\*\* | 0.95236 (0.29660)\*\*\* | 0.00109  (0.02204) |
| Number of observations | 1792 | 1792 | 1792 | 1792 | 1792 | 1792 |
| Number of variables | 17 | 18 | 19 | 17 | 18 | 19 |
| AR (1) | 0.1964 | 0.1969 | 0.1971 | -3.428 \*\*\* | -3.436 \*\*\* | 0.1972 |
| AR (2) | 0.9746 | 0.9745 | 0.9745 | 0.4961 | 0.4959 | 0.9745 |
| Wald – joint | 1.412 | 1.456 | 1.457 | 1104.\*\*\* | 1310.\*\*\* | 1.444 |
| Wald – dummy | 0.007171 | 0.009683 | 0.007061 | 8.806\*\*\* | 10.31\*\*\* | 0.002490 |
| Sargan test | 247.0 | 246.8 | 246.8 | 246.4 | 246.6 | 246.9 |

Note 6 Authors’ own calculations; \*\*\*, \*\*, \* indicate statistical significance at the 1%, 5% and 10% levels respectively. Where possible, the results have been rounded up to the fifth decimal place.

Table A7 Current bank liabilities

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Explanatory variables/Y= | Current bank liabilities | | | | | |
| Coefficients (standard errors) | | | | | | |
|  | 1 | 2 | 3 | 4 | 5 | 6 |
| Current bank liabilities  (t-1) | 0.60566  (0.14140)\*\*\* | 0.60597  (0.14270)\*\*\* | 0.60729 (0.14260)\*\*\* | 0.60448 (0.14160)\*\*\* | 0.60474 (0.14270)\*\*\* | 0.60455 (0.14260)\*\*\* |
| Size | -0.01407  (0.01183) | -0.01511  (0.01187) | -0.01563 (0.01189) | -0.01320 (0.01196) | -0.01376 (0.01196) | -0.01406 (0.01200) |
| Collateral | -0.00863  (0.07556) | -0.01239  (0.07538) | -0.01031 (0.07671) | -0.01069 (0.07514) | -0.01384 (0.07488) | -0.01278 (0.07603) |
| Profitability | -0.00491  (0.00242)\*\* | -0.00484  (0.00241)\*\* | -0.00482 (0.00241)\*\* | -0.004910 (0.00242)\*\* | -0.00485 (0.00242)\*\* | -0.00484 (0.00241)\*\* |
| Liquidity | -0.00001  (0.00001) | -0.00001  (0.00001) | -0.00001 (0.00007) | -0.00000  (0.00001) | -0.00001  (0.00001) | -0.00000  (0.00001) |
| Growth | 0.00002  (0.000004)\*\*\* | 0.00002  (0.00001)\*\*\* | 0.00002  (0.0005)\*\*\* | 0.00002 (0.00004)\*\*\* | 0.00002 (0.00001)\*\*\* | 0.00002  (0.00001)\*\*\* |
| Internationalisation | 0.01521  (0.03328) | 0.01613  (0.03318) | 0.01473 (0.03347) | 0.01734 (0.03284) | 0.01833 (0.03262) | 0.01784  (0.03278) |
| Tax shield | -0.00006  (0.00001)\*\*\* | -0.00006  (0.00002)\*\*\* | -0.00006  (0.00002)\*\*\* | -0.00006  (0.00001)\*\*\* | -0.00006  (0.00002)\*\*\* | -0.00006  (0.00001)\*\*\* |
| Non-tax debt shield | -0.00674  (0.00415)\* | -0.00708  (0.00428)\* | -0.00704 (0.00428)\* | -0.00681 (0.00419)\* | -0.00705 (0.00426)\* | -0.00711 (0.00428)\* |
| WIBOR 3M | -0.12664  (0.27510) | -0.12981  (0.27390) | -0.12998 (0.27370) | -0.12719 (0.27490) | -0.13141 (0.27340) | -0.13199  (0.27310) |
| Contract intensive money | 1.08771  (0.49420)\*\* | 1.31277  (0.51820)\*\* | 1.55003 (0.67500)\*\* | - | - | - |
| Subsidies and other transfers | - | -0.19042  (0.10840)\* | -0.64455 (0.67840) | - | -0.14522 (0.10410) | -0.21209 (0.63270) |
| Rule of law | - | - | - | 0.06279 (0.03510)\* | 0.07260 (0.03574)\*\* | 0.07611 (0.04520)\* |
| Market capitalisation | -0.00081  (0.00043)\* | -0.00103  (0.00045)\*\* | -0.00089 (0.00044)\*\* | -0.00038  (0.00030) | -0.00048 (0.00031) | -0.00036  (0.00038) |
| Domestic credit | -0.04313  (0.06673) | -0.04315  (0.06712) | -0.04261 (0.06712) | -0.04437 (0.06692) | -0.04439 (0.06694) | -0.04436 (0.06698) |
| GDP growth | 0.06208  (0.17410) | 0.06232  (0.17300) | 0.06057 (0.17260) | 0.06388 (0.17330) | 0.06393 (0.17210) | 0.06484  (0.17160) |
| Crisis | -0.00187  (0.00506) | -0.00380  (0.00491) | 0.01527 (0.02769) | -0.00285 (0.00558) | -0.00451 (0.00545) | -0.00022 (0.02709) |
| Resolving insolvency – recovery rate | -0.01656  (0.01970) | -0.01628  (0.01969) | -0.01617 (0.01968) | -0.01651 (0.01948) | -0.01634 (0.01945) | -0.01634 (0.01940) |
| Euro area 10Y benchmark bond yield | - | - | -1.47070 (2.14200) | - | - | -0.27234  (2.03900) |
| Constant | -0.71409  (0.38030)\* | -0.76135  (0.38250)\*\* | -0.62543 (0.37490) \* | 0.16891 (0.13520) | 0.27099 (0.14630)\* | 0.31961  (0.47120) |
| Number of observations | 1792 | 1792 | 1792 | 1792 | 1792 | 1792 |
| Number of variables | 17 | 18 | 19 | 17 | 18 | 19 |
| AR (1) | -3.540\*\*\* | -3.531 \*\*\* | -3.530 \*\*\* | -3.529 \*\*\* | -3.524 \*\*\* | -3.521 \*\*\* |
| AR (2) | -0.5870 | -0.5739 | -0.5975 | -0.5861 | -0.5719 | -0.5814 |
| Wald – joint | 2573.\*\*\* | 2621. \*\*\* | 2592.\*\*\* | 2551. \*\*\* | 2630. \*\*\* | 2603. \*\*\* |
| Wald – dummy | 3.526\* | 3.962 \*\* | 2.784\* | 1.561 | 3.431\* | 0.4600 |
| Sargan test | 243.5 | 244.1 | 244.5 | 239.9 | 239.7 | 237.7 |

Note 7 Authors’ own calculations; \*\*\*, \*\*, \* indicate statistical significance at the 1%, 5% and 10% levels respectively. Where possible, the results have been rounded up to the fifth decimal place.

Table A 8 Current trade liabilities

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Explanatory variables/Y= | Current trade liabilities | | | | | |
| Coefficients (standard errors) | | | | | | |
|  | 1 | 2 | 3 | 4 | 5 | 6 |
| Current trade liabilities (t-1) | 0.44969  (0.17490)\*\* | 0.45719 (0.17720)\*\* | 0.45762 (0.17790)\*\* | 0.45245 (0.17730)\*\* | 0.45871 (0.17940)\*\* | 0.45843 (0.1789)\*\* |
| Size | -0.04133  (0.02596) | -0.03939  (0.02551) | -0.04077 (0.02463)\* | -0.04431 (0.02688)\* | -0.04293 (0.02653) | -0.04479 (0.02571) |
| Collateral | -0.09969  (0.10980) | -0.09449  (0.10860) | -0.09649 (0.11000) | -0.09441 (0.10820) | -0.08869 (0.10650) | -0.08827 (0.10750) |
| Profitability | 0.00543  (0.00155)\*\*\* | 0.00531 (0.00155)\*\*\* | 0.00532 (0.00156)\*\* | 0.00547 (0.00155)\*\*\* | 0.00536 (0.00156)\*\*\* | 0.00539 (0.00158)\*\*\* |
| Liquidity | -0.00001  (0.00002) | -0.00001  (0.00002) | -0.00001 (0.00002) | -0.00001 (0.00002) | -0.00001  (0.00002) | -0.00001  (0.00001) |
| Growth | 0.00003  (0.00002)\* | 0.00003  (0.00002)\*\* | 0.00003  (0.00002)\* | 0.00003 (0.00002)\* | 0.00003 (0.00002)\* | 0.00003  (0.00002)\* |
| Internationalisation | 0.04239  (0.04895) | 0.04186  (0.04842) | 0.04260 (0.04894) | 0.03986 (0.04926) | 0.03867 (0.04859) | 0.03849  (0.04922) |
| Tax shield | -0.00002  (0.00001)\*\* | -0.00002  (0.00001)\*\* | -0.00002  (0.00001)\*\* | -0.00003  (0.00001)\*\* | -0.00002  (0.00001)\*\* | -0.00002  (0.00001)\*\* |
| Non-tax debt shield | 0.04112  (0.00487)\*\*\* | 0.04203 (0.00458)\*\*\* | 0.04174 (0.00458)\*\*\* | 0.04050 (0.00512)\*\*\* | 0.04125 (0.00482) | 0.04099 (0.00484)\*\*\* |
| WIBOR 3M | -0.15936  (0.34670) | -0.15454  (0.34550) | -0.13511 (0.33540) | -0.15811 (0.34740) | -0.15367 (0.34730) | -0.13298 (0.33860) |
| Contract intensive money | 0.60214  (0.77370) | 0.23519  (0.74950) | 0.29909 (0.70950) | - | - | - |
| Subsidies and other transfers | - | 0.32161 (0.15950)\*\* | 0.19309 (1.05800) | - | 0.29380 (0.15040)\*\* | -0.51819 (0.93200) |
| Rule of law | - | - | - | 0.07589 (0.06642) | 0.05821 (0.06396) | 0.08486  (0.06219) |
| Market capitalisation | -0.00039  (0.00049) | -0.00003  (0.00052) | 0.0000007 (0.00064) | -0.00027  (0.00038) | -0.00007 (0.00039) | 0.00023  (0.00065) |
| Domestic credit | -0.02752  (0.08847) | -0.02751  (0.08817) | -0.02764 (0.08840) | -0.02617 (0.08807) | -0.026023 (0.08809) | -0.02550 (0.08792) |
| GDP growth | 0.51672  (0.27950)\* | 0.51848  (0.27610)\* | 0.50651 (0.27150)\* | 0.50891 (0.28100)\*\* | 0.51009 (0.27740)\*\* | 0.49745 (0.27280)\*\* |
| Crisis | 0.03229  (0.01252)\*\* | 0.03538 (0.01174)\*\*\* | 0.04056 (0.04391) | 0.03666 (0.01164)\*\* | 0.04001 (0.01087)\*\*\* | 0.07273 (0.03874)\* |
| Resolving insolvency – recovery rate | -0.00974  (0.01490) | -0.01036  (0.01492) | -0.01006 (0.01488) | -0.00950 (0.01497) | -0.01016 (0.01495) | -0.00989 (0.01492) |
| Euro area 10Y benchmark bond yield | - | - | -0.41288 (3.19700) | - | - | -2.59252  (2.90900) |
| Constant | 0.096743  (0.54760) | 0.16235  (0.55160) | 0.21929 (0.74030) | 0.59877 (0.33040)\* | 0.38719 (0.28060) | 0.99155  (0.67590) |
| Number of observations | 1792 | 1792 | 1792 | 1792 | 1792 | 1792 |
| Number of variables | 17 | 18 | 19 | 17 | 18 | 19 |
| AR (1) | -1.978\*\* | -1.988\*\* | -1.987\*\* | -1.970\*\* | -1.980\*\* | -1.987\*\*\* |
| AR (2) ( | 1.335 | 1.345 | 1.346 | 1.336 | 1.343 | 1.365 |
| Wald – joint | 449.0 \*\*\* | 455.6 \*\*\* | 461.7 \*\*\* | 450.3 \*\*\* | 464.6\*\*\* | 463.3 \*\*\* |
| Wald – dummy | 0.03122 | 0.08664 | 0.08774 | 3.285\* | 1.904 | 2.152 |
| Sargan test | 244.5 | 249.4 | 249.0 | 245.5 | 248.9 | 249.3 |

*Note 8 Authors’ own calculations; \*\*\*, \*\*, \* indicate statistical significance at the 1%, 5% and 10% levels respectively. Where possible, the results have been rounded up to the fifth decimal place*