ABSTRACT

Impacts of ownership structure and equity liquidity on capital structure has been received more attention in the literature. However, the combined effect of ownership structure and equity liquidity on capital structure has been unexplored while the significant relationship between them has been documented in the literature. This study seeks to explore the combined effect of ownership structure and equity liquidity on capital structure in the Thai context where, generally, ownership structure is highly concentrated and equity of firm is less liquid.

This study aims to examine the effect of ownership structure and equity liquidity on capital structure decision during non-crisis period of 2001 to 2007 and period of Global Economic Crisis of 2008 to 2011.

The results show significant relationship between interaction of ownership structure and equity liquidity and leverage which extend the current knowledge of determinant of capital structure. The empirical findings also imply important role of interaction between ownership (managerial and non-managerial ownership) and equity liquidity in determining firm's leverage, which provide various implication to management of firms. Moreover, this study confirms the significant effect of firm size, profitability, asset tangibility, and industry leverage on firm's leverage.

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