

Abstract

Foreign Ownership, Listed Status and Financial System in East Asia : Evidence from Thailand and Malaysia

Fumiharu Mieno,

Kobe University

Email: fmieno@kobe-u.ac.jp

Existing studies on the financial system in East Asia have emphasized on the excessive debt finance, a lack of bond market and its limited function on corporate governance, while the apparent facts such as the low debt ratio in average, the existence of large but unlisted firms, and the significance of foreign firms in its economy are usually ignored.

Based on a uniquely compiled database for the top 300/1000 firms in Thailand and Malaysia, we examined the distributional feature of listed status and foreign ownership, then, re-estimated the determinants of the capital structures.

We confirm basic facts that the non-listed firms occupy a large portion in the distribution, and that the debt financing of major firms is relatively inactive. We found the significance of the foreign share and its negative relationship with debt financing and 'going public', we also found that certain kinds of foreign firms tend to keep tick retained earning and non-bank debt, suggesting their deep reliance on self-financing and internal capital market.

The characteristics of the corporate finance in East Asia can be explained, in part by such distributional features of listing status and foreign ownership. Our findings cast a question on the conventional view about the current policy framework emphasizing on the shift from financial intermediation to capital and bond market.