

Free Full Text from Publisher

Full Text Options



Save to EndNote online

Add to Marked List

◀ 1 of 1 ▶

FIRM LEVEL, OWNERSHIP CONCENTRATION AND INDUSTRY LEVEL DETERMINANTS OF CAPITAL STRUCTURE IN AN EMERGING MARKET: INDONESIA EVIDENCE

By: Haron, R (Haron, Razali)^[1]

ASIAN ACADEMY OF MANAGEMENT JOURNAL OF ACCOUNTING AND FINANCE

Volume: 14 Issue: 1 Pages: 127-151

DOI: 10.21315/aamjaf2018.14.1.6

Published: 2018

Document Type: Article

Abstract

This study evaluates the impact of firm and industry level determinants plus ownership concentration on the capital structure decisions in Indonesia. This study finds that growing firms seem to employ high level of debt, taking advantage of the tax shield as explained by the trade-off theory. However, if the firms are operating in a highly dynamic environment they tend to take on less debt as to avoid bankruptcy risk. Known to be in a highly concentrated ownership structure, firms in Indonesia opt to debt financing perhaps to act as a controlling mechanism to mitigate agency conflicts that may exist between the large controlling shareholders and the minority. Aged and highly profitable firms with high tangible and intangible assets and liquidity level operating in a high munificence environment follow the pecking order theory. The insights on the impact of industry characteristics are novel especially on emerging market thus fill the gap in the literature.

Keywords

Author Keywords: capital structure; emerging market; ownership concentration; Indonesia

KeyWords Plus: CORPORATE-GOVERNANCE; FINANCIAL STRUCTURE; ENTRENCHMENT; INVESTMENT; DECISIONS; WORLD

Author Information

Reprint Address: Haron, R (reprint author)

+ Int Islamic Univ Malaysia, IIUM Inst Islamic Banking & Finance, Jalan Gombak, Kuala Lumpur 53100, Malaysia.

Addresses:

+ [1] Int Islamic Univ Malaysia, IIUM Inst Islamic Banking & Finance, Jalan Gombak, Kuala Lumpur 53100, Malaysia

E-mail Addresses: hrazali@iium.edu.my

Publisher

PENERBIT UNIV SAINS MALAYSIA, PENERBIT UNIVERSITI SAINS MALAYSIA, PULAU PINANG, PINANG 11800, MALAYSIA

Categories / Classification

Research Areas: Business & Economics

Web of Science Categories: Business, Finance

See more data fields

◀ 1 of 1 ▶

Citation Network

In Web of Science Core Collection

0

Times Cited

Create Citation Alert

46

Cited References

[View Related Records](#)

Use in Web of Science

Web of Science Usage Count

2

Last 180 Days

2

Since 2013

[Learn more](#)

This record is from:

Web of Science Core Collection

- Emerging Sources Citation Index

Suggest a correction

If you would like to improve the quality of the data in this record, please suggest a correction.

Cited References: 46

Showing 30 of 46 [View All in Cited References page](#)

(from Web of Science Core Collection)

1. Mean reverting financial leverage: theory and evidence from Pakistan

Times Cited: 8

By: Ahsan, Tanveer; Man, Wang; Qureshi, Muhammad Azeem

APPLIED ECONOMICS Volume: 48 Issue: 5 Pages: 379-388 Published: 2016

2. **Ownership concentration and effects over firm performance: Evidences from Italy** Times Cited: 2
By: Alimehmeti, G; Paletta, A.
European Scientific Journal [ESJ] Volume: 8 Issue: 22 Pages: 39-49 Published: 2012
3. **Financial liberalization and firms' capital structure adjustments evidence from Southeast Asia and South America** Times Cited: 9
By: Ameer, R.
Journal of Economics and Finance Volume: 37 Issue: 1 Pages: 1-32 Published: 2010
4. **Capital structure and dividend policies of Indonesian firms** Times Cited: 12
By: Ang, J.S.; Fatemi, A.; Tourani-Rad, A.
Pacific-Basin Finance Journal Volume: 5 Issue: 1 Pages: 87-103 Published: 1997
5. **Market timing and capital structure** Times Cited: 767
By: Baker, M; Wurgler, J
JOURNAL OF FINANCE Volume: 57 Issue: 1 Pages: 1-32 Published: FEB 2002
6. **Capital structures in developing countries** Times Cited: 594
By: Booth, L; Aivazian, V; Demirguc-Kunt, A; et al.
JOURNAL OF FINANCE Volume: 56 Issue: 1 Pages: 87-130 Published: FEB 2001
7. **Debt and entrenchment: Evidence from Thailand and Indonesia** Times Cited: 17
By: Bunkanwanicha, Pramuan; Gupta, Jyoti; Rokhim, Rofikoh
EUROPEAN JOURNAL OF OPERATIONAL RESEARCH Volume: 185 Issue: 3 Pages: 1578-1595 Published: MAR 16 2008
8. **Changes to the ownership and control of East Asian corporations between 1996 and 2008: The primacy of politics** Times Cited: 34
By: Carney, Richard W.; Child, Travers Barclay
JOURNAL OF FINANCIAL ECONOMICS Volume: 107 Issue: 2 Pages: 494-513 Published: FEB 2013
9. **Ownership and capital structure in Latin America** Times Cited: 49
By: Cespedes, Jacelly; Gonzalez, Maximiliano; Molina, Carlos A.
JOURNAL OF BUSINESS RESEARCH Volume: 63 Issue: 3 Pages: 248-254 Published: MAR 2010
10. **The Determinants of Capital Structure: Evidence from Chinese Listed Companies** Times Cited: 35
By: Chen, Jian; Strange, Roger
ECONOMIC CHANGE AND RESTRUCTURING Volume: 38 Issue: 1 Special Issue: SI Pages: 11-35 Published: MAR 2005
11. Title: [not available] Times Cited: 245
By: CLAESSENS S
INT REV FINANC Volume: 3 Pages: 71 Published: 2002
12. **Disentangling the incentive and entrenchment effects of large shareholdings** Times Cited: 1,203
By: Claessens, S; Djankov, S; Fan, JPH; et al.
JOURNAL OF FINANCE Volume: 57 Issue: 6 Pages: 2741-2771 Published: DEC 2002
13. **Capital structure around the world: The roles of firm- and country-specific determinants** Times Cited: 186
By: de Jong, Abe; Kabir, Rezaul; Nguyen, Thuy Thu
JOURNAL OF BANKING & FINANCE Volume: 32 Issue: 9 Pages: 1954-1969 Published: SEP 2008
14. **Debt maturity structure and the 1997 Asian financial crisis** Times Cited: 8
By: Deesomsak, Rataporn; Paudyal, Krishna; Pescetto, Gioia
JOURNAL OF MULTINATIONAL FINANCIAL MANAGEMENT Volume: 19 Issue: 1 Pages: 26-42 Published: FEB 2009
15. **The impact of firm and industry characteristics on small firms capital structure** Times Cited: 11
By: Degryse, H.; Goeij, P.; Kappert, P.
Small Business Economics Volume: 38 Pages: 431-447 Published: 2010
URL: <http://dx.doi.org/10.1007/s11187-010-9281-8>
16. **How does ownership structure affect capital structure and firm value? Recent evidence from East Asia** Times Cited: 28

By: Driffield, Nigel; Mahambare, Vidya; Pal, Sarmistha

ECONOMICS OF TRANSITION Volume: 15 Issue: 3 Pages: 535-573 Published: 2007

17. **DETERMINANTS OF FINANCIAL STRUCTURE - NEW METHODOLOGICAL APPROACH** Times Cited: **116**
By: FERRI, MG; JONES, WH
JOURNAL OF FINANCE Volume: 34 Issue: 3 Pages: 631-644 Published: 1979

18. **Capital Structure Decisions: Which Factors Are Reliably Important ?** Times Cited: **422**
By: Frank, Murray Z.; Goyal, Vidhan K.
FINANCIAL MANAGEMENT Volume: 38 Issue: 1 Pages: 1-37 Published: SPR 2009

19. **Testing tradeoff theory of capital structure: Empirical evidence from Indonesian listed companies** Times Cited: **1**
By: Hardiyanto, A. T; Achسانی, N. A; Sembel, R; et al.
Economics and Finance Review Volume: 3 Issue: 6 Pages: 13-20 Published: 2014
[\[Show additional data\]](#)

20. **Ownership and debt financing: Indonesia evidence** Times Cited: **1**
By: Haron, R.
Financial management from an emerging market perspective Pages: 3-25 Published: 2018
Publisher: IntechOpen, Rijeka, Croatia
URL: <https://doi.org/10.5772/intechopen.70618>

21. **Capital structure inconclusiveness: evidence from Malaysia, Thailand and Singapore** Times Cited: **7**
By: Haron, Razali
INTERNATIONAL JOURNAL OF MANAGERIAL FINANCE Volume: 10 Issue: 1 Pages: 23-+ Published: 2014

22. **Do Indonesian firms practice target capital structure? A dynamic approach** Times Cited: **4**
By: Haron, Razali
JOURNAL OF ASIA BUSINESS STUDIES Volume: 10 Issue: 3 Pages: 318-334 Published: 2016

23. **Robust standard errors for panel regressions with cross-sectional dependence** Times Cited: **422**
By: Hoechle, Daniel
STATA JOURNAL Volume: 7 Issue: 3 Pages: 281-312 Published: 2007

24. **THEORY OF FIRM - MANAGERIAL BEHAVIOR, AGENCY COSTS AND OWNERSHIP STRUCTURE** Times Cited: **16,301**
By: JENSEN, MC; MECKLING, WH
JOURNAL OF FINANCIAL ECONOMICS Volume: 3 Issue: 4 Pages: 305-360 Published: 1976

25. **Hierarchical determinants of capital structure** Times Cited: **59**
By: Kayo, Eduardo K.; Kimura, Herbert
JOURNAL OF BANKING & FINANCE Volume: 35 Issue: 2 Pages: 358-371 Published: FEB 2011

26. **Corporate ownership around the world** Times Cited: **3,388**
By: La Porta, R; Lopez-de-Silanes, F; Shleifer, A
JOURNAL OF FINANCE Volume: 54 Issue: 2 Pages: 471-517 Published: APR 1999

27. **Ownership, institutions, and capital structure: Evidence from China** Times Cited: **97**
By: Li, Kai; Yue, Heng; Zhao, Longkai
JOURNAL OF COMPARATIVE ECONOMICS Volume: 37 Issue: 3 Pages: 471-490 Published: SEP 2009

28. **The use of intangible assets as loan collateral** Times Cited: **2**
By: Loumiotis, M.
Harvard Business School Job Market Paper Published: 2011

29. **How does industry affect firm financial structure?** Times Cited: **193**
By: MacKay, P; Phillips, GM
REVIEW OF FINANCIAL STUDIES Volume: 18 Issue: 4 Pages: 1433-1466 Published: WIN 2005

30. **THE COST OF CAPITAL, CORPORATION FINANCE AND THE THEORY OF INVESTMENT** Times Cited: **3,949**

By: MODIGLIANI, F; MILLER, MH

AMERICAN ECONOMIC REVIEW Volume: 48 Issue: 3 Pages: 261-297 Published: 1958

Showing 30 of 46 [View All in Cited References page](#)

Clarivate

Accelerating innovation

[© 2019 Clarivate](#) [Copyright notice](#) [Terms of use](#) [Privacy statement](#) [Cookie policy](#)

[Sign up for the Web of Science newsletter](#) [Follow us](#)

