

Fund Raising Characteristics of Business Group Companies in the Philippines: Estimating Capital Structure of Listed Companies

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Abstract

We analyzed the capital structure of listed companies in the Philippines from 2001 to 2006 after the Asian financial crisis. Our estimation results showed these following three tendencies: first, companies that had good opportunities to invest depended on debts; second, companies belonging to business groups reduced their debts; and last, large companies of business groups much preferred to take on debts compared to those of others. Our findings suggest that while the financial market was not functioning sufficiently, business groups were able to alleviate it by their internal capital markets.