

Independent Study Title	FOUNDING FAMILY OWNERSHIP AND THE AGENCY COST OF DEBT: EVIDENCE FROM THAI LISTED FIRMS
Author	Settapol Chumchaivate
Degree	Master of Science (Finance)
Major Field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent Study Advisor	Assoc. Prof. Tatre Jantarakolica, Ph.D. Thanomsak Suwannoi, Ph.D.
Academic Year	2014

ABSTRACT

The objective of this study is to explore the relationship between founding family ownership and the agency cost of debt in a bank-dominated country. It also reviews the functionality of the corporate governance by investigating the association between the quality of corporate governance and the firm's cost of borrowing. Random-effects regression models are used to examine these relationships. The results are consistent with prior literatures indicating that the family ownership and corporate governance are significantly related to the lower average cost of debt which is influenced from a lower agency cost of debt. Hence, it provides supporting evidence to the hypotheses suggesting that founding families help mitigate the agency conflict between shareholders and creditors and corporate governance practices are an effective monitoring and controlling mechanism that reduces the asymmetric information among shareholders and creditors.

Keywords: Ownership structure, Founding family, Agency costs of debt, Corporate governance