

Independent study title	IMPACT OF INSTUTIONAL OWNERSHIP ON LEVERAGE: EVIDENCE FROM THAILAND
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### **ABSTRACT**

This paper examines the impact of institutional ownership on leverage in the context of Thai listed firms. We find that institutional ownership is associated with less leverage. This indicate that institutions can substitute for debt in term of monitoring firms to alleviate agency problem. When we separate institutions into local and foreign, we find that foreign institutions are negatively relation with leverage. This study supports the global investors hypothesis. Since corporate governance of firms in Thailand is poor, foreign institutions, in this situation, have comparative advantage over local to substitute for leverage. Our result shed on light on the roles of monitoring firms of foreign institutional ownership.

**Keywords:** Leverage, Capital structure, Institution, Local institutional ownership, Foreign institutional ownership