ABSTRACT

The stronger corporations compete, the more consideration manager to do in the age of internationalization. This study discuss debt policy would be influenced between two companies by SEM research method. And we choice two different sample periods to confirm appositeness of decision making moment according to business cycle. The result finds that leader companies' capital structure have influence followers positively while business expansion. But the followers would influence leader companies' capital structure negatively while business recession. In other words, the followers will imitate debt policy from leader companies and leader companies would make decisions according to the followers in some special business situations. In addition, we find that growth opportunity between competitors will not influence firm's policy by each other.

Keywords: capital structure; growth opportunity; business cycle


