

Politics and Business: Evidence from Thailand

ABSTRACT

This paper investigates reaction of Thai stock market during the rise and downfall of Thaksin government (2005-2007). Using market model to find cumulative abnormal return, the market negatively react to the events, on the other hand, political connected firms positively react to the events. This can be concluded that there is an information asymmetry in the market. Moreover, this paper examines the impact of government through firms' performance and risk measurement. Comparing the firms' performance between Thai Rak Thai regime and military coup regime, the regression results show differences in firms' performance and risk measurement.