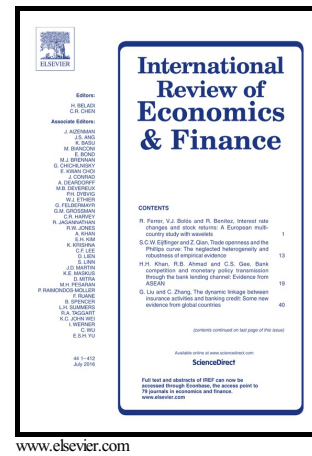


# Author's Accepted Manuscript

Optimal Capital Structure with Moral Hazard

Congming Mu, Anxing Wang, Jinqiang Yang



PII: S1059-0560(16)30359-8  
DOI: <http://dx.doi.org/10.1016/j.iref.2016.12.006>  
Reference: REVECO1336

To appear in: *International Review of Economics and Finance*

Received date: 18 April 2015  
Revised date: 29 April 2016  
Accepted date: 13 December 2016

Cite this article as: Congming Mu, Anxing Wang and Jinqiang Yang, Optimal Capital Structure with Moral Hazard, *International Review of Economics and Finance*, <http://dx.doi.org/10.1016/j.iref.2016.12.006>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

# Optimal Capital Structure with Moral Hazard

Congming Mu \*      Anxing Wang †      Jinqiang Yang ‡

April 29, 2016

## ABSTRACT

This paper extends the classic optimal capital structure model to the case of moral hazard based on the principal-agent problem, where the firm's output dynamically depends on the agent's efforts. We derive closed-form results for the value of risky debt, credit spread, default threshold, and for optimal capital structure with moral hazard. **The numerical results indicate that the firm issues more debt with higher coupon ex ante and defaults earlier ex post than without manager moral hazard. The different initial values of firms' cash flow induce different risk preferences of the manager to his value and consequently the manager acts in the opposite approaches especially when the firm is on the verge of bankruptcy. The paper also consider the occasions in which hiring a manager is optimal for the principal.**

**Keywords:** Capital Structure, Credit Spread, Real Option, Principal-Agent, Moral Hazard

JEL Classification: G32; G33; G13

---

\*School of Finance, Shanghai University of Finance and Economics, Shanghai, P.R.China E-mail: mucongming@sina.com

†School of Finance, Shanghai University of Finance and Economics, Shanghai, P.R.China E-mail: awang@mail.shufe.edu.cn.

‡School of Finance, Shanghai University of Finance and Economics, Shanghai, P.R.China E-mail: yang.jinqiang@mail.shufe.edu.cn. Jinqiang Yang acknowledges support by Natural Science Foundation of China (# 71202007, #7152200), New Century Excellent Talents in University(# NCET-13-0895).

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات