

## عنوان مقاله:

Debt capacity and financial flexibility for organic growth and impact on inorganic capital

## محل انتشار:

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## خلاصه مقاله:

High capital intensity and reliance on debt financing are among the most prominent characteristics of the shipping industry. The corporate finance literature has documented that beyond a certain threshold, leverage can hamper a firm's ability to raise capital, and as a result, have a bearing on its corporate investment policy. The new, more restrictive, financing landscape in the shipping sector has put the management of capital structure on the spotlight as a key driver of investment policy, financial health, and thus, firm success. In this paper, we examine for the first time the link between the financing policy of shipping companies and their corporate investment decisions. We focus on the impact of deviations from target capital structure on mergers and acquisitions (M&A); an increasingly important corporate growth vehicle for shipping companies, with directly measurable outcomes. Deviations from optimal leverage display a strong association with the likelihood to consummate acquisitions, deal size, the financing method as well as the M&A outcome. Higher debt levels are shown to have a negative effect on acquisitiveness and a positive effect on the quality of corporate investment; a pattern with direct policy implications for shipping companies, their management teams, and shareholders.

## کلمات کلیدی:

tangibility, borrowing, market

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