







Home ▶ All Journals ▶ The Engineering Economist ▶ List of Issues ▶ Volume 53, Issue 3 ▶ Operational Decisions, Capital Structure ....

The Engineering Economist >

A Journal Devoted to the Problems of Capital Investment Volume 53, 2008 - Issue 3: Special Issue on Financial Engineering

643 51

0

Views CrossRef citations to date Altmetric

**Original Articles** 

## Operational Decisions, Capital Structure, and Managerial Compensation: A News Vendor Perspective

Xiaodong Xu & John R. Birge

Pages 173-196 | Published online: 22 Aug 2008

**66** Cite this article

▶ https://doi.org/10.1080/00137910802262887

Sample our
Economics, Finance,
Business & Industry Journals
>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

**66** Citations

Metrics

Reprints & Permissions

Read this article

## **Abstract**

While fir

the oper

assump

the firm

hold

owners'

producti

We explo

observe

extreme

## We Care About Your Privacy

We and our 842 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. <a href="Privacy Policy">Privacy Policy</a>

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)

I Accept considers

Essential Only ays act in ays act in sor debt com the firm ptimal l incentives.

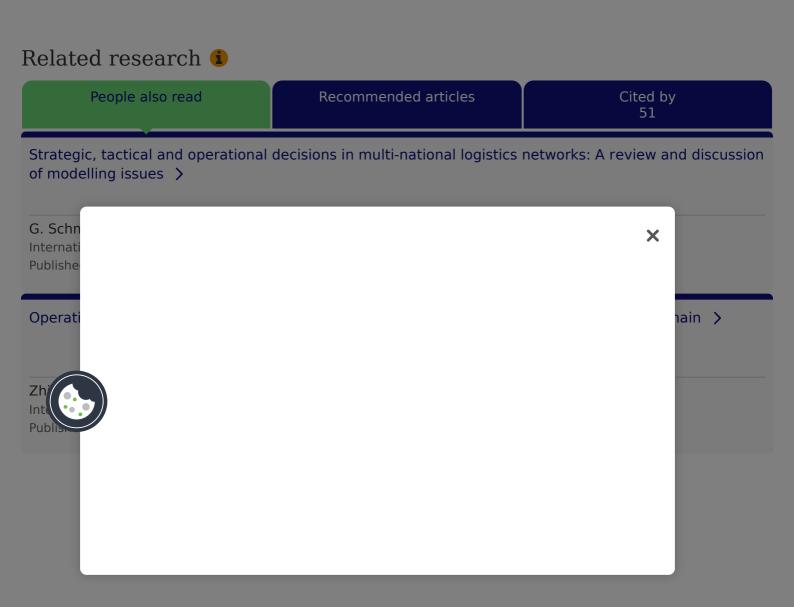
Erage and high

further

extend our model to consider the effects of agency costs on the firm's production decision and debt choice by including performance-based bonuses in the manager's compensation. Our analyses show how managerial incentives may drive a manager to deviate from firm-optimal decisions and that low-margin producers face significant risk from this agency cost while high-margin producers face relatively low risk in using such compensation.

## **ACKNOWLEDGMENTS**

This work was supported in part by the National Science Foundation under Grant DMI-0100462. We thank the referees for their comments that have improved this article. The second author is also grateful for the support of the University of Chicago Graduate School of Business.



Information for Open access Authors Overview R&D professionals Open journals Editors **Open Select** Librarians **Dove Medical Press** Societies F1000Research Opportunities Help and information Reprints and e-prints Advertising solutions Newsroom Accelerated publication Corporate access solutions Books Keep up to date Register to receive personalised research and resources by email Sign me up Taylor & Francis Group Copyright © 2024 Informa UK Limited Privacy policy Cookies Terms & conditions Accessib X

