Matan Tsur
NYU

כותרת:
"Financial Contracts and Bargaining"
יום רביעי, 16 בינואר 2013, בשעה 16:30
חדר ישיבות 향후 (C228), בניין ארצי- универ

Abstract

An entrepreneur considers whether to invest in a project, the profit of which depends on the outcome of bargaining with prospective buyers. I study how the financial contract, in the form of a security, between the outside investor and the entrepreneur influences the entrepreneur’s strategic bargaining position with the buyers. In the case of a single prospective buyer, I consider the securities that the entrepreneur designs to maximize her payoff. I characterize the entrepreneur’s maximal payoff and construct a security that takes a simple form and implements it uniquely. In the case of many prospective buyers, I consider a debt security and characterize the equilibria payoffs. Debt significantly strengthens the entrepreneur’s bargaining position when there are few buyers, but the bargaining advantage diminishes with the number of buyers. The more buyers there are, the lower the share of the surplus extracted by the entrepreneur. When bargaining offers are frequent, the advantage may vanish, in which case debt financing is equivalent to selffinancing.

Finally, I identify conditions under which outside financing can increase the entrepreneur’s incentive to invest and overcome the hold-up problem, leading to socially efficient investment.

נתון ליראתיה את המגמה במעורב הבירה של המצוירים:

הנכם מוזמנים