

The determinants of capital structure in innovational product delivery stage of multinational corporations

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ABSTRACT

This paper investigates the effect of leverage on innovation industries stock returns following increases in R&D in Taiwan. The innovation industries are measured over 72 months (6 years) following the increases in R&D for 280 firms listed on the TEJ. Furthermore, the sample is referring electronics industries to investigate the difference. According to the debt monitoring hypothesis and the agency cost of the capital structure model. This paper analyzes the recent theories of optimal capital structure. Its agency problem from the conflict of interest between the business of owner and the management, this topic has been the center for discussion and study for scholars. The ultimate objective is increase the business value. But nobody has been no exhaustive conclusion in resolving the agency problem and increase of business value requires the right composition of shareholding by the interior investors and the institutional investors. Apart from that, the right dividend policy and capital structure will directly contribute to decrease the agency cost .

Keywords : innovational products、 multinational corporations、 capital structure

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