

RESEARCH PROJECTS 2014

Project Title

Market Access and Capital Structure: Evidence from China

Principle Investigator(s)

Vidhan K. Goyal

Professor, Department of Finance

Abstract

The goal of this research is to examine financing decisions of private, public, and state-owned enterprises (SOEs) in the Chinese context. As China's system is dominated by large state-controlled banks, SOEs are biggest beneficiaries of lending by Chinese banks. This results in Chinese private firms with limited access to bank funds. We plan to examine how these constraints affect financing decisions of private and public firms. The institutional richness and the availability of data on Chinese private, public, and state-owned enterprises provides a unique opportunity to test how financial frictions affect corporate behavior of firms.

