



Keio Business School

Allocation of Control Rights: An Application to Corporate Finance

5

10

Questions

1. In the event of default, there is a system in which the authority for decision-making of a company is transferred to creditors. Does this scheme work effectively for improving inefficient outcomes which arise due to the incompleteness of contracts? 15
2. Consider the relationship between financing methods and takeover defense measures by referring to the description in the main text and Appendix 2. 20
3. List examples of incompleteness of financial contracts and the transaction costs behind their incompleteness. How can we measure the transaction costs? (The estimated transaction costs can be referred to in management decisions.) 25

25

30

.....

This case was written by Naoki Watanabe (Graduate School of Business Administration, Keio University) for facilitating classroom discussions at Keio Business School. This case is published by Keio Business School. Inquiries about reproducing the case should be referred to Keio Business School (4-1-1 Hiyoshi Kohoku, Yokohama, Kanagawa 223-8526; Phone:+81-45-564-2444; E-Mail: case@kbs.keio.ac.jp) To order copies of the case, go to the website (<http://www.kbs.keio.ac.jp>).

35

Copyright © Naoki Watanabe (1st ed., March 2020)