Corporate Financial Risk Management

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This dissertation explores economic rationales for corporate risk management. It examines why non-financial firms engage in financial risk management and what forces drive these decisions. The dissertation consists of two parts. Part I provides an extensive review of the theoretical and empirical literature on corporate financial risk management. Part II contains three theoretical essays and a case study. The first essay studies how risk management may affect the firm's design of financial securities from the perspective of risk sharing between firms and investors. The second essay analyzes if and to what extent we may expect strategic interactions between the hedging decisions of two competitors in an imperfect product market when external financing is costly. The third essay examines the optimal risk management decisions for a firm operating in a market where building market share is important. The three essays illustrate the complex interactions between risk management, financing decisions and the firm's product market environment. The insights developed in this dissertation are finally applied to a case study on the risk management decisions of the Dutch aircraft corporation Fokker.

Jeroen Ligterink (1963) graduated in Economics at the University of Amsterdam in 1988. Since that time he has been employed as an assistant professor in Finance at the University of Amsterdam, and has published on a variety of corporate finance topics, including mergers and acquisitions, the company cost of capital, risk management, and bankruptcy procedures. He is also co-director of the Amsterdam Center for Corporate Finance (ACCF), a think-tank promoting high quality research on the interface between financial theory and corporate policy.