REASSESSING DEBT-FINANCING DECISIONS IN FAMILY FIRMS: THE ROLE OF FAMILY INVOLVEMENT IN THE BOARD OF DIRECTORS

114 B

María Comino-Jurado
Universidad de Jaén
Sonia Sánchez-Andújar
Universidad de Jaén
Purificación Parrado-Martínez*
Universidad de Jaén

**Corresponding author at: Department of Financial Economics and Accounting, Universidad de Jaén, Campus Las Lagunillas, s/n, 23071 Jaén, Spain.*

ÁREA TEMÁTICA: B) VALORACIÓN Y FINANZAS

KEYWORDS: indebtedness, board of directors, family involvement, socioemotional wealth, partial least squares (PLS)

REASSESSING DEBT-FINANCING DECISIONS IN FAMILY FIRMS: THE ROLE OF FAMILY INVOLVEMENT IN THE BOARD OF DIRECTORS

Abstract

This paper reexamines the factors influencing debt-financing decisions in family firms, considering the importance of socioemotional wealth and heterogeneity issues. Governance structure, and specifically the board of directors, has been considered a key explicative factor of heterogeneity in family businesses, leading to important differences in their debt-financing decisions. Focused on a large sample of Spanish family firms, we estimate a partial least squares model, whose results show that family involvement in the board of directors has a positive direct impact on the debt level which is also influenced by other firm-specific characteristics, such as profitability, liquidity, age, or size.

Keywords

indebtedness, board of directors, family involvement, socioemotional wealth, partial least squares (PLS)