

Evolution of The Financial Structure of Private Family Firms After Crisis Period

Yoyo Fandja, Mélanie Croquet, Olivier Colot

University of Mons, Belgium

Abstract

The purpose of this study is to determine the effects of the financial crisis on the financing structure of Belgian family firms. Four theoretical fields are mobilised for this study: pecking order theory (POT), agency theory, socio-emotional wealth, and organisational resilience. Accord to the literature, these different theories allow the fact that family firms make their funding choices by relying as much on firm value maximisation as on socio-emotional wealth to be observed. This peculiarity strengthens their capacity for resilience in times of crisis. Here, the panel method has been used to analyse a sample of 237 firms (108 family and 129 non-family) over the period 2009-2017. The results obtained do not make it possible to define whether the involvement of the family influences the financing choices. These results also do not confirm or invalidate the resilience capacity induced by family involvement in the firm. The importance given to social and emotional wealth cannot be decided because the related variables are insignificant.

Keywords: allowance for corporate equity, debts, equity, family firms