



## call for Papers – European Academy of Management

### Finance in Family Business

#### *Track 04-03 in the Family Business Research SIG*

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**The aim of this special track is to develop the understanding of financing issues in family business.**

While family business research found a fertile research area in disciplines such as organization and strategy, we still have a limited knowledge of the finance issues in the family business field. The fields of finance and accounting are very broad and present many opportunities of themes that need to be more developed and investigated. Corporate finance deals with investments, dividend policy, financing issues but also with corporate governance in terms of relationship between the family and the external providers of financing means. The field of accounting opens doors to financial disclosure strategies and fraud. Therefore, since the seminal paper of Gallo and Vilaseca (1996), financial issues have been analysed through performance determinants. Most of the literature compares family and non-family companies in terms of financial and

operational performance (Anderson, R. C., & Reeb, D. M. 2003; Gallo et al, 2004; Miller et al., 2006; Lee, 2006), mainly focusing on the effect of agency costs (Morck and Yeung, 2003), cost of financial resources (Zellweger, 2007; Anderson et al., 2003) and the family firm valuation for an IPO (Leitterstorf and Rau, 2014). Taking from an institutional point of view, the link between the legal system and the access of financial resources promoting family business is very promising (Carney et al., 2014; Faccio and Lang, 2002; La Porta et al. 2000) and needs more developments including the family law. The question of financial disclosure from the family firm to the non-family financiers is also very relevant (Anderson et al. 2003; Hutton 2007). It is linked to the secret tendency of family business and its reluctance to disclose financial information (Anderson et al. 2009). Compared to the rest of the family business literature, the field of finance is far underdeveloped. It is not only showing that family business acts differently but also finding the determinants of the financial choice and behaviour coming specifically from the family.

There is a need to better understand the influence of the financing choices on the potential trade-off between financial performance and family commitment into the firm for the long term. Indeed, the family-firm lifecycle may influence significantly the financial needs/choices. One consequence is the type of corporate governance developed in family firms. Transmission may be very different from the growth needs, and as a consequence may challenge the family commitment to the firm. Therefore, the investment choices are specific (Anderson et al. 2012). Thus, the main issue is how family business can raise external funds without losing their family commitment uniqueness. Given these assumptions, several aspects can be developed and investigated. Any empirical or theoretical paper on the following topics (not exhaustive) is welcomed.

Researchers could focus on:

- financing needs and financing constraints for family firms: equity financing, debt financing, self-financing (cash-flows), financial arrangements
- the context of financing need: operational logic and family logic
- the type of financial providers: private equity, banks, the financial market in an international and institutional context (Common Law vs Civil Law)
- the type of financial providers and corporate governance issues in family business
- family firms and financing providers (Private Equity, Business Angels, Family Offices, for instance): quality of the relationship, family commitment preservation into the firm
- the role and type of family offices
- financial issues coming from family members investments and disinvestments, or selling-out the family business
- the impact of financing choices in terms of performance, financial value creation and family business value creation.

- the impact of family business going public vs family business remaining private in terms of performance and family commitment continuity
- the role of financial institutions (legal formal, informal) on the development of family business
- trade-off in terms of cash management between family discretionary consumptions and business operating developments
- financial information and corporate disclosure vs family taste for opacity.
- accounting and financial fraud in family business
- regional influence of family firm performance, resource access issues for family business
- the choice of investment in family business
- cost of equity capital and cost of debt in family business
- short term financing, cash financing and family issues

The contributions expected from this special track are major to the family business field and to the field of corporate finance. The first contribution is directly linked to the fact that we introduce in the corporate finance research the nature of the controlling shareholder (the family indeed) in addition to the controlling stake. Research therefore includes the specific expectation of the main shareholder. The contributions are also concerning the development of the family business and the financial resource dependence from providers who are not family members. This is linked to the potential conflicts of interest and the ability of the family to keep the power. Then, major contributions are expected to show the determinants of the financing needs in family business and the way family interest could meet non family financiers' expectations.

### **Notification of acceptance as of 17 March 2015**

As an author, it is crucial to follow the **guidelines and formatting instructions** to prepare and submit your paper in order to have it published in proceedings.

**RULE OF 3: Please note that you may be listed as an author or co-author on up to 3 submitted papers but that each author can present only one paper at the conference (if 3 papers accepted at least 3 authors must be able to present in 3 parallel sessions and be registered in the conference)**

Please read the instructions carefully prior to submitting:

1. Each paper can only be submitted to ONE track.

2. Submitted papers must NOT have been previously published and if under review, must NOT appear in print before EURAM 2016 Conference.
3. To facilitate the blind review process, remove ALL authors identifying information, including acknowledgements from the text, and document/file properties. (**Any submissions with author information will be automatically DELETED**; author information and acknowledgements are asked and posted on a SEPARATED document).
4. The entire paper (title page, abstract, main text, figures, tables, references, etc.) must be in ONE document created in PDF format.
5. The maximum length of the paper is 40 pages (including ALL tables, appendices and references). The paper format should follow the [European Management Review Style Guide](#).
6. Use Times New Roman 12-pitch font, double spaced, and 1-inch (2.5 cm) margin all around.
7. Number all of the pages of the paper.
8. No changes in the paper title, abstract, authorship, track and actual paper can occur AFTER the submission deadline.
9. Check that the PDF File of your paper prints correctly and ensure that the file is virus-free. Submissions will be done on-line on the EURAM 2016 website <http://www.euram-online.org/annual-conference-2016.html> as of 1 December 2015
10. Only submissions in English shall be accepted for review.
11. In case of acceptance, the author or one of the co-authors should be available to present the paper at the conference.

**For more information**, we invite you to visit the conference website <http://www.euram-online.org/annual-conference-2016.html> - Should you have any hesitation on which track to select for your paper, you may wish to contact a track chair by email to find the best fit for your submission.

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