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FAMILI FIRMS: LEADING FOR IMPACT

CONFERENCE PROCEEDINGS

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What role the SEW factors play in family business distress? Czech evidence.

Thursday, 20th June - 16:54: WIP 2.5: Behavioral Insights and Strategic Decision-Making in Family Firms (D010)

Dr. Pavla Srbová (Brno University of Technology), Dr. Michal Karas (Brno University of Technology), Prof. Mária Režňáková (Brno University of Technology)

Abstract

The socioemotional wealth in the context of the family business has been intensively researched over the past two decades. In a sharp contrast to that, little has been said about its role in mitigating the financial distress risk. As the family owners have impact on capital structure and the capital structure is one of main drivers of financial distress, this relationship is potentially significant. We explore this issue on example Czech family business. Czech family businesses do not share the same history as family business from Western Europe as there were practically reborn in 1990's and thus deserve a special attention. The preliminary results showed that the socioemotional factors are significantly related to the distress probability, however when typical financial variables are introduced to the model, the role of this factor remain significant as interaction term. The aim of this paper is to analyse the significance of socioemotional wealth factors in mitigating the distress of Czech family businesses.