The effect of family ownership on financing decisions of listed Vietnamese companies

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THE EFFECT OF FAMILY OWNERSHIP ON FINANCING DECISIONS OF LISTED VIETNAMESE COMPANIES

Trang Tran - School of Business and Law – Edith Cowan University

THE PROMINENCE OF FAMILY FIRMS IN VIETNAM

Vietnam's GDP

100 biggest family-owned firms

WHAT THE RESEARCH SAID

Maximizing founding families' non-financial wealth

Firm value maximization goal

Debt is used as a discipline to control managers
Debt incorporates bankruptcy risk

Conflicts between managers and shareholders are endemic in family firms
Family shareholders are risk averse due to their diversified investments and incentives to descend the businesses.

MORE DEBT

MORE EQUITY

LITERATURE GAP

• Researchers reported mixed results of family ownership effect on corporate funding decisions.
• Vietnam has been left neglected by scholars.

What are the effects of family ownership on financing decisions of listed Vietnam firms?

METHODOLOGY

REGRESSION METHOD
Cross companies and cross time

DATA
Listed companies on Vietnam's Stock Exchanges from 2008 - 2016

Corporate financing decisions

Firm characteristics:
size, age, profitability, tangibility

Family ownership percentage

Corporate governance quality outside directors

RESEARCH SIGNIFICANCE

• To Practitioners: suggest effective financing strategies to family-owned companies' managers and help investors to understand more about family firms.

• To Researchers: The dataset of this research contributes to a more complete and up-to-date data about Vietnam where the unavailability of data is a big research constraint.

• To the Government: suggest the government to give more preferences to an important element of the economy, loosening their financial constraints.

REFERENCES


TRANG TRAN, 2017