

IS RISK-TAKING BY FAMILY FIRMS DIFFERENT FROM NON-FAMILY FIRMS?

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Área temática: B) Valoración y Finanzas.

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Abstract

The particular characteristics of family businesses influence their risk preferences. Family managers are often more risk-averse than non-family managers. Their decisions are influenced by socio-emotional goals and the transgenerational perspective. Based on these singularities, the risk-return relationship must be analyzed in detail. From a strategic perspective, this paper examines the risk-return relationship in the SMEs of the manufacturing industry in different risk scenarios for family and non-family firms. With this aim, random-regression analysis was applied to a sample of 2,258 companies for the period 2011-2016. Both family and non-family firms present a positive risk-return. However, managers show different attitudes according with their risk level. Also, results confirm the moderates' effect of family firms on this paring in the extreme values situations (risk).