STRUKTURA KAPITALA PORODIČNOG BIZNISA NA OSNOVU KOMPANIJA STACIRANIH U WIELKOPOLSKOM REGIONU

CAPITAL STRUCTURE OF FAMILY BUSINESSES ON THE BASIS OF THE COMPANIES SEATED IN THE WIELKOPOLSKA REGION

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Summary

The main objective of the article is to compare the capital structure of selected family and non-family businesses among the SMEs seated in the Wielkopolska region.
Considering the research needs, a hypothesis was put forward that family businesses are more conservative in financial management, which results in a higher share of the equity capital and a higher rate of long-term liabilities to total liabilities.
The capital structure in SMEs has been studied many times. Most often it was proved that it is closer to the pecking order theory (Hall, Hutchinson, Michaelas 2000, Poutziouris 2001, Zappa, McMahon 2002). Reviewing different publications, there are some research which do not confirm this thesis. It has been suggested that the capital structure of small companies is similar to (using the same business branches) the observations made on big companies (Korkeamaki, Rutherford 2003). However, the insufficiency of explicit conclusions drawn from capital structure studies may indicate that one of the possible directions of developing the research may be the definition of capital structure determinants which are important for particular types of enterprises (Kubiak 2013) including the family-run ones.
There are relatively few studies which focus on the verification of capital structure in family firms. In such business entities some values are passed down from generation to generation and that may result in a more conservative approach to financial management (Gallo, Vilaseca 1996, McConaughy, Philips 1999, Poutziouris 2001, Gallo, Tapie, Cappuins 2004). Its character has a significant influence on the debt level, which is usually lower (Ampenberger, Schmid, Achleitner, Kaserer 2009, Lopez-Garcia, Sanchez-Andujar 2010). However, we may also encounter some opinions which say that actually there are no differences in terms of financial profiles between family and non-family businesses (Coleman, Carsky 1999, Anderson, Rebb 2003), and the capital structure is influenced mainly by the size, age and profitability of the entity.
The capital structure in family companies was also the subject investigated by Polish researchers (Sułkowski, Haus, Safin 2004, Popczyk, Winnicka-Popczyk 2004, Różański, Marszałek 2012, Jewartowski, Kołdoński 2012). On the whole, the research made on a group of family businesses seated in Poland indicates that such companies prefer their own capital.

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It is worth noticing that the majority of researchers surveying family firms use the data concerning big, often public, entities. The studies about the capital structure of family businesses within the SMEs scope are almost nonexistent in professional publications.

The definition of a family business is not explicit. For the needs of the study, the SFI (Substantial Family Influence) indicator proposed by S.B. Klein (Klein 2000) will be taken into account. The assumption was made, like in the majority of analyses which used the SFI indicator (Stradomski 2008), that family businesses are such companies for which the SFI indicator takes the values higher than one.

The theory of capital structure presents three approaches to the structure definition. The first defines the capital structure as so called permanent financing, i.e. the equity capital and long term liabilities (Autore, Kovacs 2010). The second approach, apart from the above enumerated elements, takes into account short-term liabilities, though operating liabilities, i.e. such liabilities which are non-interest bearing (Ross, Westerfield, Jordan 1995) are omitted. The third approach identifies the capital structure with liabilities structure (Gajdka 2002). The third approach will be applied in the analysis. In order to measure specific capital structure, the following indicators will be used: the equity capital share in total liabilities and the long-term liabilities share in total liabilities.

The average values of indicators will be calculated separately for family and non-family firms with respect to the branch of business. In order to avoid the influence of some extreme observations, the medians of these indicators will be used as well. Next, the significant differences tests will be performed between the average values and medians in both groups of the analyzed entities. The standard parametric test will be used for the difference in average values and non-parametric test (U Mann-Whitney) for the differences in medians.

The financial results of the entities were compiled in the project carried out in cooperation with SBG Bank S.A. and associated cooperative banks[2]. Thanks to the project it was possible to collect the data from 642 business entities. The project was implemented in 2012, therefore the majority of financial data dates back from 2010. The group was divided into family and non-family entrepreneurs on the basis of the SFI indicator. The non-family firms included two most numerously represented branch of business in a given population, i.e. plastic producers (8) and machinery and equipment maintenance entrepreneurs (7). Hence, two economy sectors are represented here: production and services. Next, out of family firms the companies operating in the same branches were selected (respectively 38 and 21).

Since the first group of companies is represented by debtors, in order to make the research impartial the entrepreneurs from selected businesses (using National Register of Business Entities data base) were asked to share their financial results for the same year, i.e. 2010, public as well as the data allowing to assess if the company was a family-run or not. This stage was carried out in cooperation with the Association of Private Employers in the Wielkopolska region. The request was sent to 400 entities. The answers were given by 47 entities, however, 5 were incomplete.

Finally, for the research purposes, the financial results of 116 entities were taken into account. The sample included 29 non-family firms (16 producers and 13 service companies), the remaining 87 were family businesses (46 producers and 41 service companies).

The general results of the population surveyed for capital structure is included in Table 1 from which the following conclusion may be drawn. In family businesses there may be observed a slightly higher share of the equity capital, simultaneously, the diversity of this indicator may be observed depending on the branch of business. The producers enjoy a generally lower indicator, which may be explained by a higher cost-intensive character of the business and the necessity to use other forms of financing. In terms of the liabilities structure indicator, there is a significant difference between family and non-family companies. The first has a higher contribution of long-

term liabilities. Similarly to equity capital share, the differences may be also noticed in liabilities structure due to the branch of business.
The research results confirm the hypothesis that family businesses are more conservative in terms of capital structure. In the further analysis the results will be compared in terms of capital structure considering not only their character but also the age, number of employees as well as their organization and legal nature.

Keywords: results, capital, business, companies, management, Wielkopolska