



# *“Family Firms, Antitakeover Provisions, and Costs of Bank Financing”*

(in English)



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**Date:** 4 November 2013 (Monday)  
**Time:** 2:00 - 3:30 pm  
**Venue:** WYL314, Dorothy Y. L. Wong Building

## **Abstract:**

We investigate how the role of antitakeover provisions (ATPs) in alleviating the conflict of interests between shareholders and creditors differs between family and nonfamily firms. We find that while nonfamily firms with more ATPs (as measured by G-index) enjoy lower costs of bank loans; family firms with more ATPs do not. The adverse effect of ATPs on the cost of debt for family firms is particularly severe when they have control enhancing mechanisms. We also find that this result is more pronounced when bank loans are unsecured or have no covenants, when family firms are insulated from disciplinary forces (e.g., low product market competition or low leverage), and when family firms' CEOs are more powerful (e.g., CEOs are the chairmen of the board, are old, or receive high compensation). These results suggest that agency conflicts are an important consideration in examining the effects of ATPs on the cost of debt for family firms and that banks effectively factor in these conflicts when determining loan rates.

## **Biography:**

Dr. Hyun Seung Na is teaching at City University of Hong Kong as an assistant professor of finance. He joined Department of Economics and Finance at City University of Hong Kong in 2008 after a one-year visit in University of California, Riverside as a visiting assistant professor. He received Ph.D. in Finance at Michigan State University, MA in Statistics at Columbia University, and MBA and BBA at Korea University. His research interests include corporate finance, corporate governance, financial intermediation, institutional monitoring, market for corporate control, and capital structure. His work is regularly presented in international conferences and appears in academic journals.

**All Are Welcome**

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