

Board of Directors of Small and Medium-Sized Enterprises to Go Public: Characteristics and Moderating Factors

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Abstract : This article examines, in an institutional context such as Spanish one, the corporate board structure characteristics and determinants in entrepreneurial firms to go public. Specifically, it explores these issues through all the initial public offerings in the Spanish Alternative Equity Market (MAB), which is a market segment for smaller growing companies. The results show that: a) firm size, age of the company, and the reputation of the auditor and the nominated advisor and Corporate Governance Code favour a larger and more independent board structure that enhances its monitoring functions; and b) leverage, opportunities of growth, sector risk and ownership by executive directors all lead towards a smaller board of directors where the role of entrepreneurship provided by executive directors remains crucial. This reflects the delicate balance of power between small-business entrepreneurs and financial equity market forces, which demand more transparency and monitoring in the companies.

Keywords : board composition, board size, corporate governance, IPO, SMEs

Conference Title : ICCG 2017 : International Conference on Corporate Governance

Conference Location : Prague, Czechia

Conference Dates : July 09-10, 2017