

Corporate Governance and Financing Decisions in Small Growing Firms in Sudan

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Corporate governance issue has gained significant attention in management research especially among large listed firms. However, research has seldom been conducted on small and medium sized firms. Therefore, the objective of this paper is to investigate the link between corporate governance and financing decision and its impact on firm performance across a sample of 25 small growing firms operated in Sudan.

Specifically, the paper examines how ownership structure and corporate control affect financing decisions through a theoretical framework that links owner profile, financial planning, control characteristics and practice. The empirical findings show that managers are concerned with cash flow and profitability to maintain high internal sourcing of finance, which ultimately, affects financing decisions. The centralization of decision in the hand of the owners gives clear evidence that financing decisions are influenced by their knowledge, experience and typology. The existence of the family at the higher echelon of the hierarchy affects the way in which the business is operated, managed and controlled. These empirical findings provide confirmation that ownership structure and degree of financial control affect financing decisions and have an impact on firm performance.

Keywords: Corporate Governance, Financing Decision, SMEs, Sudan