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FINANCE

**RESEARCH  
SEMINAR**



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

## **‘BUSINESS GROUP HETEROGENEITY AND FIRM OUTCOMES: EVIDENCE FROM KOREAN CHAEBOLS’**

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### **ABSTRACT**

This paper examines the impact of business group affiliation on the performance and financial decisions of Korean listed firms over the period 2007-2019. This study proposes a novel approach allowing heterogeneity in the affiliation effects. The analysis shows that the behavior of affiliated firms is related to business group characteristics.

The intensity of the affiliation effects on valuation and profitability is associated to the size, diversification, or leverage of business groups. The analysis also identifies significant group specific effects on firm policies. These findings suggest that a number of business groups follow group-level strategies and apply homogeneous financial and investment policies to their affiliates.