

WHICH ARE THE FACTORS INFLUENCING FINANCING DECISIONS IN SMEs?

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ABSTRACT

In this paper I review the literature in search of the factors that influence financing decisions in SMEs. Financial theories suggest that the only goal of a company is value maximization, but empirical studies have shown that small companies' owners can have other goals than profit maximization, this being reflected in their financing decisions. Also the personal characteristics of SMEs' founders are relevant in establishing the companies financing strategy.

KEYWORDS: *decisions, financing, medium sized firms, profit maximization, small sized firms.*

JEL CLASSIFICATION: *D92, G32, M21.*

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