

# **Governance Structure and Start-up Survival**

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## **Abstract**

This paper studies governance structures and their effectiveness for the performance and survival of start-up companies. We use Kauffman Survey Data, which tracks a sample of firms from their inceptions through their first 8 years of existence, from 2004 until 2013. Schulze, Lubatkin, Dino, and Buchholtz (2001) suggest that a governance system is not only necessary but augments a private firm's value. We examine governance through a firm's ownership structure, board structure, and financing sources. We conduct a series of logit regressions to determine the relationship between firm governance and performance as well as firm governance and chance of survival. We find evidence supporting the hypothesis that a startup's governance system affects its survivability as well as its performance, which supports the findings presented in Schulze, Lubatkin, Dino, and Buchholtz (2001).

Keywords: Entrepreneurial Finance, Privately-held Companies, Governance, Start-up survival

JEL Classification: M13, L26, L22