FAMILY FIRMS AND PERFORMANCE EMPIRICAL ANALYSIS FROM SPAIN

A. T. Lious Ntoung*, Jorge Eduardo Vila Biglieri*, Ben C. Outman**, Eva Masárová***, Aziz Babounia****, Cacilia Mesonge Kome*****

*Department of Financial Economic and Accounting, University of Vigo, Pontevedra, Spain
**Department of Business Organization and Marketing, University of Vigo, Pontevedra, Spain
***Department of Applied Economics, University of Vigo, Pontevedra, Spain
****Polydisciplinary Faculty of Tetouan, University Abdelmalek Essaâdi, Morocco
*****Department of Law, Faculty of Law, University of Yaoundé II, SOA, Cameroon

How to cite this paper: Ntoung, A. T. L., Vila Biglieri, J. E., Outman, B. C., Masárová, E., Babounia, A., & Kome, C. M. (2017). Family firms and performance empirical analysis from Spain. *Corporate Ownership & Control, 14(4-2)*,380-395. http://doi.org/10.22495/cocv14i4c2art4

ISSN Online: 1810-3057
ISSN Print: 1727-9232

Received: 11.04.2017
Accepted: 16.06.2017

JEL Classification: J31, L25, G32
DOI: 10.22495/cocv14i4c2art4

Abstract

This paper provides empirical evidence on the impact of family-controlled firms on corporate performance, using financial information of 47590 family firms from 2010 to 2014. From the overall sample, approximately two-third of family firms have concentrated ownership, meanwhile, the remaining one-third have dispersed and unknown ownership. With respect to generation, 76% of the family firms were in the first generation, 21% for the second generation and approximately 3% for the third generation. The main findings are that ownership structure of family firms have a positive impact on their performance. Specifically, family firms with concentrated ownership outperformed family firms with dispersed ownership; however, family firms in the 1ª generation outperform family business in the 2ª and 3ª generation. Also, aggressive incentive policy negatively affects the performance of family business for the 1ª generation and has no impact on performance for 2ª and 3ª generational firms. Unlisted family firms have lower performance than listed family firms. Lastly, medium size family businesses outperform than small and large size family businesses.

Keywords: Ownership, Performance, Family Business, Generation

1. INTRODUCTION

The importance of family businesses in the economy is unquestionable. Several classical researchers have advocated that corporate governance strategy views family business as potential instrument to correct the action of risky managerial behavior at the expense of shareholders (Eddleston, Kellermanns, and Sarathy 2008; Uhlaner et al. 2010; Edddleston and Kellermanns 2007; Corbetta and Salvato 2004; Le Breton-Miller, Miller and Lester 2011). Some family business scholars have devoted much attentions on the relationship between family involvement in ownership and management on firm performance (Kowalewski et al. 2010; Sciascia and Mazzola, 2008 & Martínez, Stöhr, & Quiroga 2007).

Although these studies have shown collective findings in the literature, such as positive, negative and null relationship between the two concepts and the difference measure of firm performance, most have drawn the sample from US and other European countries. For instance, Martínez et al. (2007), using a simple of 175 Chilean listed firms examine the relationship between family ownership and firm performance for family and non-family firms. Their results support the ideas that family-controlled firms performed significantly better than non-family firms.

In addition, Allouche et al (2008) obtain similar findings using Japanese firms, conclude that family companies perform better than nonfamily businesses. However, Sciascia and Mazzola (2008) did not find any association between family involvement in the ownership and performance for the Italian companies. Their study suggests that the presence of the family in the ownership and management of the firm can be an advantage (a corporate governance strategy for solving conflict of interest between managers and shareholders) or a disadvantage (family opportunism) for company competitiveness. Anderson and Reeb (2004) adds that an effective corporate governance mechanism is one that limits the controlling family or shareholders from engaging in undesired behaviour at the expense of the minority shareholder (family opportunism).

The presence of the conflicting argument in the family business literature and the mixed results led

us to suspect that Spain provides an interesting case to examine the influence of family involvement in framing a corporate governance strategy for firm performance, which differs from those in US, Japan, Chile, Poland and Italy. The aim of this study is to address above theoretical question by providing an empirical analysis on how family ownership structure affects corporate performance over the period 2010 to 2014. Based on some specific characteristic of Spanish firms, we incorporate the influence of the degree of concentration of ownership and whether or not family company being listed on the stock market can affect its performance.

We collected data from the SABI database over the period 2010 to 2014. Our panel has information on ownership structure (concentrated. dispersed, unknown), generation (1ª, 2ª, and 3ª), as well as financial variables. The total number of sample family firms derived is 47.590 with 72,7% family firm have concentrated ownership, 22,8 have dispersed ownership and 4,5% with unknown ownership (see Table1). Looking at corporate performance, ownership structure of a family firm has a positive impact on its performance. Specifically, family firms with concentrated ownership outperformed family firms with dispersed ownership. Family firm in the 1ª generation outperform family businesses in the 2ª and 3ª generation is supported. Also, aggressive incentive policy negatively affects the performance of family business for the 1ª generation and is false for the 2ª and 3ª generation. Unlisted family firms have lower performance than listed family firms. This result shows that medium size family businesses do better than small and large size family businesses. Our findings are consistent with Daily and Dollinger (1992), Sraer and Thesmar (2007), Anderson and Reeb (2003), (Schleifer & Vishny, 1997; Dyer & Whetten 2006; Kowalewski et al. 2010; Chrisman, Chua, Pearson, Barnett 2012; Ntoung et al. 2016d).

According to the most conservative estimates, between 65% and 80% of companies worldwide are owned by one or more families, or directed by them (Miller et al. 2007; Villalonga and Amit 2009). Similarly, between 70 percent-90 percent of GDP and 50 percent - 80 percent of jobs, annually, are created by family ownership (Family Firm Institute, 2015). Moreover, 85% of start-up companies worldwide have a family background origin (European Family Businesses, 2009).

Thus, understanding the peculiarity surrounding the characteristic of family ownership lay the foundation for the changing economy phenomenon cause by family firms around the globe. Recent studies on the family ownership literature have compared the characteristics and performance of family firms to those of non-family firms due to the classical agency problem. Other studies contribute to the existing body of knowledge by illustrating that a large number of listed firms do not have a widely-dispersed ownership structure in most financial markets. And that these firms have in general individual or collective ownership that can be classify as families, other industrial or financial companies or the states. Related to this view, family firms tend to be more dominant ownership among the other type of ownership. According to Demsetz (1983) and Himmelberg et al (1999) and Demsetz and Villalonga (2001) companies' choice on the level of ownership are based on minimizing agency cost rather than the influencing the firm value. Thus, this perspective on ownership structure provokes a critical analysis on the impact of family ownership structure on corporate performance.

Some empirical authors argue that families that have a strong tie to the firms, the firm is managed with a much longer time horizon, are more profitable and have a higher market value than non-family companies. Jensen and Meckling (1976) claim that the family ownership might be a way to resolve the issue of agency problem arising between shareholder and their managers, because, the controlling shareholder who is the founder monitor work better (and manager's worker harder) as the fractional stake increase when they get to keep more of the fruits of their labor. The presence of the controlling shareholder minimizes the possibility of classical conflict of interest between the founder and the managers, and thus reduces agency costs. As oppose to non-family firm or widely held firm which are entitled to a manager with the interest to maximize his own private benefits. However, as ownership becomes more concentrated, controlling shareholder may engage in undesirable behavior at the expense of the minority shareholders. This attitude of controlling shareholder can lead to agency cost of type II.

In most cases, investors will prefer taking minority ownership in countries where shareholders' rights are protected, contrary to a country where the legal framework fail to provide sufficient shareholders' protection, investors will prefer to act as a controlling shareholder in the firms. With respect to the above mentioned, the setting of ownership structure remains uncertain as to whether a greater control right of the controlling shareholder to exhibit undesirable behavior at the expense of the minority shareholders or the manager's ability to maximize his own private utility at the expense of the shareholders is more preferable. Moreover, research evidence over the years using sale growth, productivity and profitability as common measures for performance in both family and non-family ownership have demonstrated very different results. Specifically, non-family ownership has higher performance than family business in term of sales growth and productivity, contrary in term of profitability (Binder and Hamlyn 1994). Similarly, Westhead and Cowling (1997) used the same variables and they found no statistical significant relationship with performance, meanwhile, very little statistical significant difference was found between performance and sale growth.

Furthermore, prior studies have provided evidence that the agency perspective affect the performance of a company (Jensen and Meckling, 1976; Morck et al. 1988; Denis et al. 1997; Ang et al. 2000; Ntoung et al. 2016c). These studies argued that the different forms of ownership control of the shares, and its connection with the management of the company are factors that influence the performance of the company. However, other authors used financial derivative to conclude that the degree of profitability and growth of most family businesses depends on their financial strategies

(Binder and Hamlyn, 1994; Westhead and Cowling, 1997; Ntoung et al 2016a; Ganderrio 2002; Anderson and Reeb, 2003).

Empirically, prior studies conducted in Spain provides evidence of effects in performance of family firms. The Spanish family business is of great interest, since the largest family businesses in some of the major sectors of the economy are Spanish, as reflected in the Top 500 global family companies with higher income, according to the index developed (Ntoung et al 2016). In Spain, approximately 90% of the Spanish companies are considered family business, which contributed approximately 60% of the GDP of the country and two-third of the total employment. These percentages differ depending on the size of companies, being remarkable the lower weight of family businesses in the segment of the largest. Also, the work force employed by these family companies represent 70% of the total private employment (Peres and Lluch 2015; Pison et al. 2014).

The aim of this study is to address above theoretical question by providing an empirical analysis on how family ownership structure affects corporate performance over the period 2010 to 2014. Based on some specific characteristic of Spanish firms, we incorporate the influence of the degree of concentration of ownership and whether family company being listed on the stock market can affect its performance. We further consider the presence of generational succession and incentive policy relating to the performance of family business. *Family businesses with ownership conce*ntrated outperform than family businesses with dispersed ownership. Family businesses in the 1ª generation outperform family businesses in the 2ª and 3ª generation. Aggressive incentive policy negatively affects the performance of family business.

The Spanish sample reveals some properties of continental European country; therefore, its formation is different from the Anglo Saxon with relating studies. We collected data from the SABI database over the period 2010 to 2014. Our panel has information on ownership structure (concentrated. dispersed, unknown), generation (1ª, 2ª, and 3ª), as well as financial variables. The total number of sample family firms derived is 47.590 with 72,7% family firm have concentrated ownership, 22,8 have dispersed ownership and 4,5% with unknown ownership (see Table1). Looking at corporate performance, ownership structure of a family firm has a positive impact on its performance. Specifically, family firms with concentrated ownership outperformed family firms with dispersed ownership. Family firm in the 1ª generation outperform family businesses in the 2ª and 3ª generation is supported. Also, aggressive incentive policy negatively affects the performance of family business for the 1ª generation and is false for the 2ª and 3ª generation. Unlisted family firms have lower performance than listed family firms. This result shows that medium size family businesses do better than small and large size family businesses. Our findings are consistent with Daily and Dollinger (1992), Sraer and Thesmar (2007), Anderson and Reeb (2003).

This article is structured as follows: in the first section, we review the literature of about family business performance, ownership structure in family business, in listed and no listed companies, and impact in performance of incentive policy, as the same time as some testable hypotheses are formulated. Third section provides information about the sample and discusses the methodology used in this article. In the fourth section the empirical results are presented. In the five section, we present conclusions of the research study.

2. LITERATURE REVIEW AND FORMULATION OF HYPOTHESES

2.1. Family Business vs Performance

Empirical research in the field of family business has attained a significant number of articles in which the performance of the family business with unfamiliar are compared. The performance is measured in recent research by various ratios differently from variables (such as sales and growth rate of sales, number of employees) or profit ratios (such as return on assets and return on equity) (Peres and Lluch 2015).

Research evidence over the years have demonstrated very different results. Binder and Hamlyn (1994) analysed the sale growth, productivity and profitability as common measures for performance in both family and non-family business. Specifically, their results show that non-family business have higher performance than family business in term of sales growth and productivity, however, in term of profitability, result shows no significant effect on performance for both family and non-family business. Similarly, Westhead and Cowling (1997) used the same variables and they found no statistical significant relationship with performance, meanwhile, very little statistical significant difference was found between performance and sale growth (Ntoung et al. 2016a).

With respect to the size of the firms, using small size firms, Daily and Dollinger (1992) concluded that small family businesses have better performance to small non-family businesses, in term of sales growth and profitability. Meanwhile, Leach and Leahy (1991) applied similar study on large firms and found that family with greater degree of control in the firm has a positive effect on performance. Thus, the larger companies with greater proportion of ownership by the family have better financial ratios, particularly about sales growth, asset growth, profits as well as the rate of return to shareholders. Ganderrio (2002) contrasts the hypothesis of a better long-term performance of family businesses using financial ratios such as return on equity (ROE), thus, obtaining higher equity / debt ratio, and lower equity to assets ratio, meaning that these findings result from the fact that non-family business more easily access the market.

Further, introducing the variable age of the company in the analysis, Anderson et al. (2003), in a cross-sectional analysis, and based on a variable of profitability, return on assets (ROA), and market measure (Tobin's Q2) to evaluate the performance, illustrate that family business in first generation in the hands of the founder is most efficient due to the fact higher profit and higher market value are

common characteristics of such company unlike the case for non-family.

In Spain, Gallo et al. (2000) applied a set of variables to identify the different performance between family businesses and non-family businesses. According to these authors there is no significant results in terms of ROE although when analysing family businesses from the perspective of control over time they are more reluctant than non-family to enter the market to share the property with unknown shareholders. Meanwhile, McConaughey et al. (2001) argued that family-owned companies are linked to securing higher performance, though they cannot attribute the increased performance to the familiar character of the property.

Various investigations have taken into consideration the variable generation in which companies are differentiated between the period of the founder or his descendant, thus, adding the validity on the age or maturity of the company. Consequence, authors like Morck et al. (1988); McConaughy, Walker et al. (1998); Anderson and Reeb (2003); Adams et al. (2005); Fahlenbrach (2006); Villalonga and Amit (2006) and Barontini and Caprio (2006); Ntoung et al (2016a) argued that companies in which the founder fully participates in the decision making of the company have higher performance than non-family businesses.

2.2. Family Ownership vs Performance

Existing research on the impact of family business ownership structure on the performance is still inconclusive. Although some authors point to poor performance of family business in the 2º generation, others such as Sraer and Thesmar (2007) claimed that the performance of family business with heir CEO outperform those of founder CEO, while the performance of family business with heir CEO outperform those with professional CEO.

In Spain, ownership of family businesses can be characterised into three groups: concentrated ownership, dispersed ownership and publicly ownership. According to Rojo et al. (2011) and Ntoung et al (2016a) and a recent publication from the institution of family businesses, (2015), family business is considered of having *concentrated ownership* when a member of the family is a shareholder or a director with more than 50% of total ownership whereas, companies with a member of the family who is a shareholder or a director possessing an individual participation of 5% to 20% or a collective participation of 20% to 50% of the total ownership is considered a *dispersed ownership*. Finally, *unknown owned* family companies are considered as businesses where their shareholders are known but the percentages of their ownership are unknown. So, far literature on family businesses have laid a lot of emphasis on the performance of family businesses versus non-family businesses. Limited evidence has been illustrated on how the ownership structure of family businesses impact its performance. Thus, it the premise of this study to take into incorporate the ownership structure of family businesses and to check if there exist a significant effect on the performance. It claims that family businesses with concentrated ownership significantly outperform family businesses with dispersed ownership.

Hypothesis 1: Family businesses with ownership concentrated outperform than family businesses with dispersed ownership.

2.3. Generation vs Performance

Anderson and Reeb (2003) considered first generation family firms are those with life-span less than 30 years while 2ª generation family firms are those with life-span between 30 to 60 years. Family businesses above 60 years are considered as 3ª generation firms. Existing studies argue that when family firm progresses from one generation to the next, their performance decline, as they apply to the willingness or the ability of the next-generation family firm to increase profit and growth. Moreover, as family businesses move from one generation to the next, their goals change, which can result to a declined in performance. First generation family businesses are more business oriented that 2ª and 3ª generation, and as such have the capacity to improve their performance through high profit and growth (Reid et al. 1999; Dunn, 1995). Consistent with this argument Mishra et al. (2001) claim that family ownership in younger firms has a higher positive impact on the performance compare to 2ª and 3ª generation family firms, as the family ties have been weakening and lower cohesiveness among family member as they approach the 2ª and 3ª generation. Other studies attribute that the reason why most family businesses when they move to the 2ª and 3ª generation have lower performance is due to the lack of competences and skills of the descendants. Hiring a better and more experienced external manager is mostly disregarded, these companies face a lack of managerial resources, which limits their ability to attain high performance.

Hypothesis 2: Family businesses in the 1ª generation outperform family businesses in the 2ª and 3ª generation.

2.4. Incentive Policy vs Performance for Family Business

Existing studies of the impact of incentive policy on the performance of family firms are based mainly on cross-sectional data, examining performance of family firm differences using either dividend divided by total assets or profit as dividend policy. However, prior literature with respect to the incentive policy on performance of family business is still inconclusive. Although some authors find a negative effect of incentive policy on performance, other authors find a positive relation between incentive policy and performance of family businesses. These results have been explained by either an increase motivation to worker for more production (incentive motivate worker to produce more for a given task leading to a positive effect) or an increase in personal expenses (incentive pays to workers increase the personal expenses in the profit or loss account which might not necessary lead to an increase performance leading to negative effect).

Several authors claim that majority of family firms pay incentive to their family members that work in the company. However, the agency theory affirm that members of family businesses should

not collect incentive, because as owner of the firm, their remuneration is being derived through the growth of the firm's value. Referring to Fraser (1990) and Greco (1997), approximately 80% of member of family businesses receive cash bonuses. Anderson (1985) finds that the payment of incentive has a direct effect on the performance of family business. From this agency perspective, it is important to define the incentive criteria according to the management of the company, its financial objectives as well as its survival in the future, as both the member of the family and the family business have diverse interest. In a similar way, Jensen and Meckling (1978) find that concentrated ownership reduces agency cost, meanwhile, Schulze et al. (2001) examine the consequences of altruism concept and pay of incentives, and their influence in the level family firm's performance. They affirm that family business with concentrated ownership are more exposed to agency danger. Chrisman et al. (2004) conclude that agency cost affect performance of family business. Researches in Austria, Italy and Spain show a positive and signification relationship between of incentive and performance (Bryson et al. 2011). Schulze (2003) contrast the hypothesis on the relationship between firm's performance and the payment of incentives to family members. The author concludes that the reason behind the payment of incentive to family member is to actively involve them in the business and such firm obtain better result than others.

In addition, the absence of incentive schemes for workers that are not member of the family as well as those that are member of the family, adversely influence the performance of the firm, especially for small and medium size family businesses as opposed larger listed Family Corporation which are subject to external control procedures. Incentive policy become very essential for most family businesses seeking growth to move from the 1ª generation to the 2ª generation. Thus, higher incentive policy can be measure for family business in the 1ª generation than those in the 2ª generation.

Recent studies on unlisted family firms with concentrated ownership (50% owned by one shareholder), pay more interest relating dividend policy with the profile of corporate governance as well as the control of financial information (Allen et al. 2012, Rommens et al. 2012). The result of Farre-Mensa et al. (2014) show that dividend policy is an important instrument for measurement of the financial health of the company and could be operational risk indicator, under the assumption that unlisted companies with unstable incomes have different dividend policy that stable sales (Patra et al. 2012; Farre-Mensa et al. 2014). In this case, the dividend policy would act as an element of protection of minority shareholders, thus resolved the problem of agency (La Porta et al, 2000; Pison et al 2014; Gugler and Yortuglu, 2003). To Rommens et al. (2012), the dividend policy in unlisted companies could justify the increase in the remuneration received by the partners.

Overall, it should be clear from the prior research overview that most authors find evidence of a change in performance of family businesses when incentives schemes are provided to workers be them member of family or not. Although both negative and positive effects have been identified, the conclusion that incentives scheme provided to workers of family firms leads to improve business performance prevails. Moreover, referring to previous studies which find evidence that provision of incentive schemes whether through extra-payments as workers of the firm, or from the dividend policy, as shareholders, it is expected that this positive impact of incentive policy on performance will be especially visible in the 1ª and 2ª generations than the 3ª, as well as for listed companies than the unlisted. In the 3ª generation, since most businesses are already doing better, the propensity for adoption of incentive policy diminishes. For this reason, we hypothesize

Hypothesis 3: Aggressive incentive policy negatively affects the performance of family business.

2.5. Unlisted vs Listed Family Businesses

Beside the importance of the ownership structure of family business on its performance, we also analyse the level of transparency of its operation in the market. This corresponds to Anderson and Reeb (2003) and Faccio et al. (2001), who describe the idea that family businesses listed in the stock exchange outperform unlisted family businesses. In Europe, Jaskiewicz et al. (2005) obtained as similar results in Germany and France. However, Westhead and Cowlig (1997) compared the performance of listed and unlisted family businesses using variables such as sales growth, productivity (sales/number of employees) and profitability and concluded the result was not statistically significant. Similarly, in Chile, Martinez (2003) concluded that despite the variables where sufficiently not significant, there is exist some small favourable differences between listed and unlisted family firms. In Spain, Menéndez-Requejo (2005) concluded that unlisted family businesses outperform listed family firms as they have favourable indicators on performance. Meanwhile, Gallo et al. (2004) demonstrated that the difference in performance for unlisted family firms is not statistically significant, even though prior study present higher ROE for family listed firms (Gallo and Estapé 1992).

The above literature overview clearly shows that one can expect to find a significant contribution of the level of transparency of family businesses' operation in the market, as well as the impact of generation on performance. Although the effect of whether a family business is listed or unlisted can be either positive or negative, the idea of the level of transparency seems prevailing, implying that unlisted family businesses have low performance than family businesses listed in the stock market. Based on these insights, we therefore hypothesize,

Hypothesis 4: Unlisted family businesses outperform listed family businesses.

3. RESEARCH METHOD

3.1. Data

The sample was constructed based on the SABI of the Bureau Van Dijk, containing detailed financial information on more than 2.000.000 Spanish businesses. Our dataset is a panel of Spanish family

businesses over the financial crisis 2010-2014 period. We employed several criteria to derive our sample population. We restrict ourselves to non-financial and non-real states family businesses since these industries are most influence by regulatory policy. For gathering information on characteristics and the size of family owned businesses, we focus on the classification criteria issued by the *Directiva 2013/34/UE del Parlamento Europeo* and the *Agencia Estatal Boletin Oficial del Estado (BOE)* in Spain, 2016. Applying the above criteria resulted to 63,749 Spanish family businesses ((Peres and Lluch 2015; Pison et al. 2014), see Figure 1); of which 50,660 were characterized with concentrated ownership; 13,089 for Dispersed Ownership. Further, we screened all family businesses and eliminated those companies with less than 2 years and family businesses with less than 10 employees were restrict to the study, as they often lack a high degree of formality in their organizational structure and management (Michaely and Roberts, 2012). Since our interest was gear toward the financial performance of Spanish family businesses with complete financial information during the crisis, we considered both limited and unlimited companies, as well as those listed and unlisted in the Spanish Stock Exchange. Thus, this resulted in a total population of 47.590 companies.

3.2. Family Business on the Spanish Market

In accordance with Amit and Villalonga (2006), we classify family firms as those firms when the founder or the member of the founder's family is a shareholder of the company. We divided our sample into three categories. Family firms with ownership concentrated, dispersed ownership and ownership where the shareholder are known but their participation is not revealed (IEF, 2015; Rojo et al. 2011). Family business is considered of having *concentrated ownership* when a member of the family is a shareholder or a director with more than 50% of total ownership whereas, companies with a member of the family who is a shareholder or a director possessing an individual participation of 5% to 20% or a collective participation of 20% to 50% of the total ownership is considered a *dispersed ownership*. *Unknown ownership* refers to family companies are considered as businesses where their shareholders are known but the percentages of their ownership is unknown. Table 1 reports the fractions of the ownership distribution of family firms from 2010 to 2015. These fractions are computed without weight (line 1), weighted with generation of family firms (line 2), and weight using the market status, as reported in the accounting information (line 3). As visible in Table 1, approximately 72.7% of Spanish family businesses in our data have ownership concentration, as opposed to 22.8% of the Spanish family businesses have dispersed ownership.

With respect to the weighted using the generation, 57% of family firms with concentrated ownership predominantly belong to the 1ª generation, 15.5% and 0.3% belong to the 2ª and 3ª generations. However, for family firms with dispersed ownership, 16.8% and 5.8% belong to the 1ª and 2ª generation, whereas, 0.1% of family firms belong to the 3ª generation. Across the sample, 65.8% of the entire sample were consider to be unlisted with concentrated ownership while 21.5% are considered unlisted with dispersed ownership. Lastly, 6.9% of the firms are considered listed with concentrated ownership. Unlike 0.5% of the firms are considered listed with dispersed ownership.

Table 1. Ownership distribution

	Ownership structure									
	All firms	***Concentrated***			***Dispersed***			***Unknown***		
Fraction (non- weighted)	1,00	0,727			0,228			0,045		
Fraction (gen- weighted)	1,00	*1ª*	*2ª*	*3ª*	*1ª*	*2ª*	*3ª*	*1ª*	*2ª*	*3ª*
		0,570	0,155	0,003	0,168	0,058	0,001	0,038	0,000	0,007
Fraction (mar-weighted)	1,00	*Listed*	*Unlisted*		*Listed*	*Unlisted*		*Listed*	*Unlisted*	
		0,069	0,658		0,013	0,215		0,005	0,039	
Observations	47590	34614			10846			2130		

Source: Panel of Spanish Family firms, over the period 2010-2014. Line 1 provides the unweighted fraction of the different family ownership structure in our sample; line 2 entails the same fraction, but weights each observation by generation of family business; line 3 weights the observations by market status.

3.3. Family firms with concentrated ownership differ from those with dispersed and unknown ownership

Table 2 provides systematic differences between the ownership structure *(concentrated, dispersed and unknown)* of Spanish family businesses over 2010 to 2014. On average, when we look at the profitability of family business firms, those with concentrated ownership do better than those with dispersed and unknown ownership. For these family firms, profit stands around 23.2% for concentrated family firms, instead of 18.3% for the average family firm. Thus, concentrated ownership firms are the most profitable ones. This is because the controlling shareholder who is the founder monitor better (and manager's worker harder) as the fractional stake increase when they get to keep more of the fruits of their labor. Related occurrence arises for the ratio of dividend to assets or EBITDA.

With respect to sales growth, family firms with dispersed ownership grow, on average than family firms with concentrated ownership. For these firms, sales growth stand around 10.8% for dispersed firms, instead of 8% of the average family business in Spain from 2010 to 2014. One possible reason is that in most dispersed family business, the objective of most manager is to expand their interest using growth mechanism. Thus, they always booster the sale values. Incentive policy relatively higher for concentrated family firms than dispersed family firms. In contrast, high productivity arises for dispersed family firms with 34.1% than concentrated and unknown family firms with 17.3%. This is consistent with prior studies such as Rojo et al. (2011) Sraer and Thesmar (2007), Pérez-González et

al. (2006), Anderson and Reeb (2003), and Amit and Villalonga (2006).

Table 2. Profile of Family business in Spain

	Ownership structure			
	All firms	***Concentrated***	***Dispersed***	***Unknown***
Total Sales (billions euros)	1,265	2,904	0,765	0,125
Total Assets (billions euros)	5,893	9,615	4,090	3,974
Nº of employees	16218	27009	12403	9243
Age (Year)	27	23	25	33
ROA	0,183	0,232	0,098	0,032
Sales Growth	0,08	0,108	0,057	0,059
Incentive Policy	0,216	0,047	0,014	0,286
Efficiency	0,355	0,289	0,620	0,157
Productivity	0,177	0,173	0,341	0,017

Source: Panel of Spanish Family firms, over the period 2010-2014. Column 1 gives summary statistics for all firms in the sample: column 2-4 provide these statistics by ownership structure. Sales growth is defined as the sales of period t minus sales value of period t-1 divided by the sales value for year t-1. Productivity is measured by dividing the sales value of the year over the number of employees of that year. Efficiency is measured by personal expenses plus other operating expenses scaled by the sales value of the year ROA is defined as the ratio of EBITDA to book value of total assets. Incentive or dividend policy is measured by taking the dividend for the year scaled by total assets for the year

3.4. Variable

Dependent Variable: we focus on three different measures of corporate performance. We use one measure for accounting profitability ROA (defined as EBITDA divided by book value of total assets). Secondly, we analyze firm performance by looking at the growth in sales of the family business. The choice of using the growth in sales is due to the availability of information in SABI. To calculate the growth in sales, we considered the sales of period t minus sales value of period t-1 divided by the sales value for year t-1. Finally, productivity is measured by dividing the sales value of the year over the number of employees of that year. This is in line with work of Michaely and Roberts (2012), Gonzalez et al. (2014) and Rommens et al. (2012) where ROA is calculate by dividing EBITDA by total assets.

Independent Variable: In this study, low performance of unlisted family business with concentrated ownership as oppose to listed family business with owner concentrated is analyzed by relying on two questions which are available in SABI about the market status and ownership of family business. The first question addresses the fact that family businesses have difference characteristics when it comes to the market status. We assigned dummy variable equals one if a firm is listed or zero otherwise. We further allocated dummy equals to one if a firm is unlisted or zero otherwise. It enables to identify if not listing in the stock market causes a decline in the performance of family business. The second question addresses the ownership of family business. Through this question, we are able to identify how different in ownership might result to a decline in the performance of family business. A series of dummies were allocated equal to one if the ownership structure of the firms is categorized as concentrated, dispersed and unknown or zero otherwise. Putting these two questions together, we are able to identify the interaction between ownership structure (concentrated, dispersed or unknown) and the market status (listed or unlisted). This is consistent to the work of Allen et al. (2012), Bauwhede et al. (2003) and Teoh and Wong (1993), Rojo et al. (2011), Peres and Lluch (2015); Pison et al. (2014).

With respect to the second hypothesis, we analyzed family business performance by looking at generation as an independent variable. We consider the effect of generation on the corporate performance. It enables us to identify which generation that contributed most on the performance on the family business. According to Anderson and Reeb (2003) and Sraer and Thesnar (2007), we identify all family businesses with age below 30 years as ***1ª generation*** firms and allocate a dummy variable equals one if a firm is less than 30 years of age (Founders' firms), those firms with age between 31 to 60 as those in the ***2ª generation*** (Heirs' firms) and all family firms with age above 61 years are ***3ª generation*** family firm (Professional CEO). For each case, we assigned dummies equal to one if a firm is in the first generation, second generation and third generation or zero otherwise.

To test the third and fourth hypothesis that relate to the impact of incentive policy on corporate performance, dividend policies is adopted: dividend policy is measured by taking the dividend for the year scaled by total assets for the year. As illustrated above, family business with aggressive incentive policy will leads to a lower performance in the 1ª generation than in the 2ª and 3ª generations firms. This is because, as most family business approaches to the 2ª and 3ª generation the incentive to motivate workers be them members of the family or not, since the business have attained some level of performance, the propensity to adopt incentive policy decline. Unlike in the 1ª generation when the founder desire high profitability and growth as well as market value, create incentives schemes programs for employees (Gonzale et al. 2014, Michaely and Roberts 2012; Rommens et al 2012; Brockman and Unlu 2009).

Further, we include some other determinants in analyzing corporate performance. We use the efficiency ratio, calculated as personal expenses plus other operating expenses scaled by the sales value of the year (Quigley, John, Walls, and Lesley 2003). We also integrate the firm size as a control variable corresponding to Allen et al, (2012); Fama and French (2001); Brockman and Unlu (2009), Denis and Osovo (2008), Michaely and Roberts (2012) by means of logarithm of total assets. According to Anderson et al. (2003), Brockman and Unlu, (2009); Gonzalez et al, (2014), the age of the family firm is an indicator of interest among other things, to determine the time or life cycle of the company, since a positive relationship with the variable dividend policy, and policy incentives are expected.

It is calculated as the difference being the year of analysis and year of incorporation. However, Honjo and Harada (2006), claim that including the company age in the regressions result to a collinearity problem that can occur between this variable and the year dummies in a within-firm analysis. Lastly, the year variable are included to control for the macroeconomic factors. The result in this study were checked for their robustness against outliers in the sample by removing the most extreme 1% cases of the dependent variables in our analyses (see Table 3).

Table 3. Definition of variable

Dependent Variables – Performance	
Corporate performance	Return on assets (EBITDA/Total Assets) Sales growth (sales of period t minus sales value of period t-1 divided by the sales value for year t-1), Productivity (sales/number of employees)
Independent Variables - Ownership structure	
Concentrated	Indicates a dummy equaling 1 if a member of the family is a shareholder or a director with more than 50% of total ownership
Dispersed	Indicates a dummy equaling 1 if company has a member of the family who is a shareholder or a director possessing an individual participation of 5% to 20% or a collective participation of 20% to 50% of the total ownership
Unknown	Indicates a dummy equaling 1 if the shareholders are known but the percentages of their ownership is unknown.
First Generation	Indicates a dummy equaling 1 if a firm is less than 30 years
Scond Generation	Indicates a dummy equaling 1 if a firm is between 31 to 60 years
Third Generation	Indicates a dummy equaling 1 if a firm is above 60 years
Listed	Indicates a dummy equalling 1 if a firms is listed in the Spanish Stock Exchange.
Unlisted	Indicates a dummy equaling 1 if a firm in not listed in the Spanish Stock Exchange
Small	Indicates a dummy equaling 1 if a firm have total assets between 350.000 to 4.000.000 euros; net sales between 700.000 to 8.000.000 euros and number of employees between 10 to 49 or zero otherwise
Medium	Indicates a dummy equaling 1 if a firm have total assets between 4.000.000 to 20.000.000 euros; net sales between 8000.000 to 40.000.000 euros and number of employees between 50 to 251 or zero otherwise
Large	Indicates a dummy equaling 1 if a firm have total assets above 20.000.000 euros; net sales above 20.000.000 euros and number of employees above 251 or zero otherwise
Independent Variables – Control Variables	
Firms size	Logarithm of total assets
Growth opportunities	Increase in one-year sales.
Efficiency Policy	(Personal expenses + other operating expenses)/ Sales
Incentive Policy	Dividend at period t over total assets at period t
Firm age	Logarithm of the date of establishment
Industry	CNAE 2009 classification code

To validate the results of this study for their robustness against outliers in the sample, we removed the most extreme 1% cases of the dependent variables in our analysis. Table 4 illustrate the Pearson correlation of the variables used in this study.

3.5. Empirical Models

According to Pere-Gonzalez (2006) and Bennedsen et al. (2007), cross-sectional analysis has several limitation and shortcoming that might prevent us from estimating all the time-invariant characteristics. These time-invariant characteristics might have some importance effect on corporate performance, therefore, it important to employ the panel data methodology. We claim that a cross-sectional analysis is less suitable to indicate causal effects of corporate performance because it gives only indirect evidence of the impact of ownership as well as the incentive policy of the family firms. In accordance with Molly et al (2010, p.139), following a fixed-effects approach, the within-firm variation in corporate performance because of generation and ownership are analyzed by controlling for time-invariant characteristics that are often difficult to observe or measure. These characteristics vary across firms but are assumed to be constant for each ndividual firm and provide specific effects to the industry in which the firm operates. The fixed-effect panel data analysis does not allow using industry dummies in the regression models because industry is expected to be time-invariant and therefore is included in the firms' intercept. We estimate the following fixed-effects panel data analysis,

$$y_{it} = \beta_0 + \beta_1 O_{i1} + \beta_2 O_{i2} + \gamma X_{it} + \varepsilon_{it} \quad (1)$$

$$y_{it} = \beta_0 + \beta_1 G_{i1} + \beta_2 G_{i2} + \gamma X_{it} + \varepsilon_{it} \quad (2)$$

$$y_{it} = \beta_0 + \beta_1 G_{i1} + \beta_2 G_{i2} + \beta_3 O_{i1} + \beta_4 O_{i2} + \gamma X_{it} \ \varepsilon_{it} \quad (3)$$

where y_{it} is measure of corporate performance (based on profitability, and productive). $O_{i1} = (O_{i1}, O_{i2})$ is our ownership variable, broken down into two dummy variables representing ownership concentration (O_{i1}), and dispersed ownership (O_{i2}), unknown ownership as our reference. O_i varies with firms as well as time. $G_{i1} = (G_{i1}, G_{i2})$ is our generation variable, broken down into two dummy variables representing 1ª generation (G_{i1}), and 2ª generation (G_{i2}), 3ª generation as our reference. X_{it}'s are various, possible time-varying, controls. We include incentive policy identify as (a) dividend policy is measured by taking the div_t/TA_t and (b) $div_t/$ EBITDA$_{t-1}$, efficiency ratio, calculated as (a) $POExp_t/sales_t$; (b) $POExp_t/$nº of Emp_t, firm's log assets for size, firm's log age, and year dummies. Based on Table 1, out of 4.5% of unknown ownership structure, 3.9% of family firms with unknown ownership structure are not listed in the Spanish Stock Exchange. Our empirical strategy follows the approach taken by Molly et al (2010) in their Fixed-effect Panel analysis of French family firms.

Table 4. Pearson Correlation

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	*Profitability (ROA)*	1																		
2	*Productivity (PD)*	0,002	1																	
3	*Sales growth (TC)*	-0,042**	-0,024**	1																
4	*Incentive Policy Div/TA*	0,569**	-,010**	-,056**	1															
5	*Incentive Policy Div/Bf_t-1*	0,006**	-,001	-,002	,009**	1														
6	*Efficiency: PExp/Sales*	,001	-,003	-,006**	,002	,000	1													
7	*Efficiency: PExp/Nº of Em*	,044**	,255**	-,028**	,038**	,003	,002	1												
8	*Log Size*	-,051**	,102**	,017**	-,049**	,004	-,001	,147**	1											
9	*1ª generation*	,023**	,020**	-,058**	,000	,001	,002	-,028**	-,200**	1										
10	*2ª generation*	-,027**	-,022**	,050**	-,007**	-,001	-,002	,010**	,127**	-,920**	1									
11	*3ª generation*	,007**	,004*	,025**	,017**	-,001	-,001	,047**	,194**	-,275**	-,124**	1								
12	*Concentrated Ownership*	,041**	,009**	-,020**	,031**	,002	,002	,030**	,080**	,046**	-,046**	-,002	1							
13	*Dispersed Ownership*	-,044**	,002	,021**	-,036**	-,001	-,002	-,025**	-,026**	-,058**	,054**	,014**	-,888**	1						
14	*Unknown Ownership*	,001	-,023**	,000	,008**	-,001	,000	-,013**	-,119**	,020**	-,011**	-,025**	-,352**	-,118**	1					
15	*Listed*	,013**	,077**	-,007**	,022**	,000	,000	,086**	,168**	-,024**	-,009**	,082**	-,041**	,048**	-,009**	1				
16	*Unlisted*	-,013**	-,077**	,007**	-,022**	,000	,000	-,086**	-,168**	,024**	,009**	-,082**	,041**	-,048**	,009**	-1,000**	1			
17	*Large*	,031**	,057**	-,037**	,016**	-,001	-,001	,024**	,017**	,092**	-,093**	-,005*	-,014**	,024**	-,017**	,128**	-,128**	1		
18	*Medium*	,002	,041**	,041**	-,006**	,003	-,002	,060**	,441**	,040**	-,071**	,073**	,050**	-,015**	-,076**	-,011**	,011**	-,105**	1	
19	*Small*	-,014**	-,062**	-,025**	-,001	-,003	,002	-,067**	-,431**	-,075**	,105**	-,069**	-,042**	,005*	,080**	-,041**	,041**	-,292**	-,921**	1
Total observations		237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950	237950

4. RESEARCH RESULTS

4.1. Ownership

In this section, we provide explanation to the results obtained from the regression model (1) regarding the impact of ownership structure on corporate performance of family businesses in Spain. The effect of dispersed ownership, the concentrated ownership, as well as unknown ownership of family businesses are presented in Table 5. The first regression in Table 5 describes the results regard to the productivity, the second regression shows analysis related to profitability, and the third regression illustrate the growth in sales.

Our result shows that after controlling for several firm characteristics, a statistical significant effect can be found for all the three types of ownership structure. On average, the model provide evidence that there exist a positive and statistical significant effect of ownership structure on firm performance for overall sample with 2,78 for productivity, 0,59 for profitability and 0,23 for sales growth, respectively. This shows that the ownership structure a family firm adopt has a positive impact on its performance. Also, a quick examination of Table 5 shows that family firms with concentrated ownership outperformed family firms with dispersed ownership (row b > c). The difference in productive (PD = 8, 86) for family firm with concentrated is higher than the difference in productive (PD = 7, 04) for dispersed family businesses. With respect to profitability, ROA = 0, 79 for concentrated family firms are higher than profitability (ROA = 0, 19) for dispersed family firms, as well as unknown family businesses. Growth in sales (SG = 0, 02) is higher for concentrated family firms than sales growth (SG = 0, 01) for dispersed family firms. Apparently, the effect of ownership structure of family is very important to its performance. Therefore, *hypothesis 1 which states that family businesses with ownership concentrated outperform than family businesses with dispersed ownership is supported.*

We also add other controls such as incentive policy (d and e), and efficient policy (f and g), log of firms' age, size, and market status, which can have a significant impact on corporate performance. The results show that for concentrated family business, incentive policy have a positive impact on corporate performance. All the measure of corporate performance (PD, ROA, SG) are positive and statistical significant at the 1% level, with 1, 89 for PD, 3, 78 for ROA and 0, 22 for sales growth, respectively. One reason for this performance can be attributed to the fact that the controlling shareholder who is the founder monitor better (and manager's worker harder) as the fractional stake increase when they get to keep more of the fruits of their labor. However, our result demonstrates that for most dispersed family businesses, sales growth is highest. This can be attribute to the growth in sales or incentive to invest in line of production that can booster sales values. Thus, incentive scheme policy can result to an increase in sales but negatively affect profit, especially when it is not directly link to the cost driver. Even though incentive scheme policy positive affect sales growth in our model but the other corporate measures were negatively and not significant. Our result is consistent with Anderson (1985), Bryson et al. (2011) and Schulze (2003), the payment of incentive scheme program to family members is to actively involve them in the business and as such leading to better performance. *This result does not support the hypothesis 3 that aggressive incentive policy negatively affects the performance of family business.*

Also, efficiency policy has a significant positive impact of corporate performance for dispersed family firms unlike a negative and non-significant impact on corporate performance for concentrated firms. On the other hand, on average the age variable negative affect the performance of family business be it concentrated or dispersed as well as unknown. Meanwhile, the size of a firm's assets positive and significantly influence its performance. Even though size have a positive impact on performance, we address the size variable comparing three groups of family firms, namely, large, medium and small (see Table 7, for further details). Finally, the market status of a family indicates if a family business is listed or not. Not listed in the Spanish stock exchange negatively affect two corporate performances (-0, 10 for profitability and -2, 01 for productivity) whereas with respect to sales growth (0, 24), a family becomes indifference to its operation on the stock market. Unlisted family firms have lower performance than listed family firms. This result is consistent with Anderson and Reeb (2003) and Faccio et al. (2001). It is not consistent with Menédez-Requejo (2005), Gallo and Estapé (1992). *This result does not support the hypothesis 4 that unlisted family businesses outperform listed family businesses.*

Table 5. Ownership structure vs corporate performance

Variables	*Productivity*		*Profitability*		*Sales growth*	
	PD		*ROA*		*SG*	
(a) Ownership	2,78***		0,59***		0,23**	
	(0,07)		(0,06)		(0,05)	
(b) Concentrated ownership		8,86**		0,79***		0,02*
		(1,73)		(0,15)		(0,01)
(c) Dispersed Ownership		7,04***		0,19		0,02
		(1,83)		(0,16)		(0,01)
(d) Incentive policy	1,89***	1,89***	3,78***	3,78***	0,22**	0,22**
	(2,21)	(2,21)	(0,12)	(0,12)	(0,01)	(0,01)
(e) Incentive policy	-0,03	-0,03	0,00*	0,00*	0,00*	0,45*
	(0,00)	(0,00)	(0,00)	(0,00)	(0,00)	(0,00)
(f) Efficiency Policy1	-0,41	-0,41	0,00	0,00	0,00**	0,00**
	(0,26)	(0,26)	(0,00)	(0,00)	(0,00)	(0,00)
(g) Efficiency Policy2	0,88***	0,88***	0,01***	0,01***	0,01***	0,01***
	(0,17)	(0,17)	(0,00)	(0,00)	(0,00)	(0,00)
Age_Log (firms Age)	-0,52***	-0,52***	-0,04**	-0,04**	0,01***	0,01***
	(0,33)	(0,33)	(0,02)	(0,02)	(0,00)	(0,00)
Size_Log(Assets)	0,51***	0,50***	-0,30**	-0,34**	-0,01**	-0,01**
	(0,32)	(0,32)	(0,02)	(0,02)	(0,00)	(0,00)
Market_unlisted	-0.10***	-0.10***	-1,7*	-2,01**	0,24***	0,24***
	(0,08)	(0,08)	(0,07)	(0,07)	(0,06)	(0,06)
Year FE	yes	yes	yes	yes	Yes	Yes
Adj. R^2	0,28***	0,28***	0,32***	0,32***	0,10	0,11***
F	41,75	41,75	51,59	73,4	93,90	93,90
Nº of Observations	237950	237950	237950	237950	237950	237950
Nº of Firms	47590	47590	47590	47590	47590	47590

Source: Panel of Spanish Family firms, over the period 2010-2014. For robustness, we employ the Huber-White-Sandwich estimates, allowing for correlation of all observations of a given firm. Dependent variables are ***Productivity*** *(PD),* ***Profitability*** *(ROA), and Sales growth (SG).* ***Ownership*** *is a dummy indicating ownership structure.* ***Dispersed ownership (d)*** *is a dummy indicating that a companies with a member of the family who is a shareholder or a director possessing an individual participation of 5% to 20% or a collective participation of 20% to 50% of the total ownership.* ***Ownership concentrated (c)*** *is a dummy indicating that when a member of the family is a shareholder or a director with more than 50% of total ownership. Other independent variables include* ***Incentive policy*** *-dividend distributed t/TA, t; Efficiency policy - (Personal Exp. + other Exp.)/Sales,* ***Age*** *(logarithm of firm's age measured in years plus one),* ***Size*** *(logarithm of book value of total asset).* ***Market status*** *(dummy equal to1 if the firms is unlisted in the Madrid Stock Exchange),* ***Year fixed effects*** *(Year FE), for* ***industry specific effect,*** *we considered only non-financial industry. Robust standard errors are in parentheses. *** Significant at 1%, **Significant at 5%, *Significant at 10%.*

4.2 Generation

In other respects, generation of family firm contribute significantly to its performance. Most family business attained economics of scale as it grows bigger during its life-span. The first regression in Table 6 describes the results regard to the productivity, the second regression shows analysis related to profitability, and the third regression illustrate the growth in sales.

Testing the hypothesis 2 using model (2) which state that family businesses in the 1ª generation outperform family businesses in the 2ª and 3ª generation. The model 2 provides evidence that generation has a positive effect on family firm's performance at the 1% level of significant for overall sample with 5,42 for productivity, 5,05 for profitability and 2,00 for sales growth, respectively (row a). This shows that family businesses at difference generation levels have positive impact on its performance. Moreover, a quick examination of Table 6 shows that family firm in the 1ª generation does outperform family businesses in the 2ª and 3ª generation, (row b > c). The difference in productive (PD = 1, 92) for family firm in the 1ª generation is higher than the difference in productive (PD = 7, 04) for 2ª family businesses, as well as the 3ª generation. With respect to profitability, ROA = 2, 07 for in the first generation is higher than profitability (ROA = 2, 10) for 2ª family businesses, as well as the 3ª generation. Growth in sales (SG = 0, 19) is higher for family firm in the 1ª generation than sales growth (SG = 0,02) for 2ª family businesses, as well as the 3ª generation, respectively. Apparently, the generational levels have an important impact on corporate performance. Therefore, *hypothesis 2 which states family businesses in the 1ª generation outperform family businesses in the 2ª and 3ª generation is supported.* This result is consistent with the study of Reid et al. (1999) and Dunn (1995).

Regarding the other independent variables, we find remarkable result for incentive schemes policy across the generational levels. Incentive policy has a negative effect on family firms' performance at the 1% level of significant for 1ª generation family firms with -0, 54 for productivity, -0, 46 for profitability, unlike a positive and significant impact on sales growth, with 0,38. In the 2ª and 3ª generation, the coefficient of model 2 are not significant. This indicates that most of the 2ª and 3ª generational family businesses pay less attention on incentive policy to booster their corporate performance. In the first generation, due to the need for expansion, earn more profit, to increase production, family firms are compelling to adopt aggressive policy lead to a negative impact of corporate performance. Thus, hypothesis 3 which states that *aggressive incentive policy negatively affects the performance of family business,* is true for 1ª generational firms and false for 2ª and 3ª generational firms. We find the logarithm of size positively significant, which is like the result obtained between ownership and corporate performance.

In sum, efficiency policy has a significant positive impact of corporate performance for 2ª

and 3ª generation family firms unlike a negative and non-significant impact on corporate performance for 1ª generational firms. On the other hand, on average the age variable negative affect the performance of family business. Finally, the market status of a family indicates if a family business is listed or not. Not listed in the Spanish stock exchange negatively affect two corporate performances (-0, 00 for profitability and -0, 24 for productivity) whereas with respect to sales growth (0, 13), a family becomes indifference to its operation on the stock market. Unlisted family firms have lower performance than listed family firms. This result is consistent with Anderson and Reeb (2003) and Faccio et al. (2001). It is not consistent with Menédez-Requejo (2005), Gallo and Estapé (1992). This result does not support the hypothesis 4 that unlisted family businesses outperform listed family businesses.

Table 6. Generation vs corporate performance

	Productivity		***Profitability***		***Sales growth***	
	a	*b*	*c*	*d*	*e*	*f*
(a) Generation	5,42***		5,05**		2,00**	
	(0,07)		(2.97)		(0,01)	
(b) 1ª generation		1,92**		2.07**		0,19***
		(0,81)		(2.59)		(0,02)
(c) 2ª generation		0,88***		2.1***		0,20***
		(0,01)		(2.98)		(0,02)
(d) Incentive policy1ª	-0,54***	-0,54***	-0,46**	-0,21**	0,36**	0,38**
	(0,06)	(0,06)	(0,20)	(0,01)	(0,02)	(0,02)
(e) Incentive policy2ª	0,00	0,00	0,01	0,00	0,00	0,00
	(0,00)	(0,00)	(0,00)	(0,00)	(0,00)	(0,00)
(f) Efficiency Policy1ª	-0,01	-0,01	0,00	0,00**	0,00	0,00
	(0,06)	(0,06)	(0,00)	(0,00)	(0,00)	(0,00)
(g) Efficiency Policy2ª	7,4***	7,4***	0,02***	0,01***	0,00***	0,00***
	(0,07)	(0,07)	(0,00)	(0,00)	(0,00)	(0,00)
Age_Log (firms Age)	-6,19***		-0,07**		0,01***	
	(0,26)		(0,00)		(0,00)	
Size_Log(Assets)	0,58***	0,58***	0,17**	0,01**	0,02**	0,02***
	(1,59)	(1,59)	(0,02)	(0,00)	(0,00)	(0,00)
Market_unlisted	-0.00***	-0.00***	-1,37	-0,24**	0,13	0,13
	(0,08)	(0,00)	(0,92)	(0,06)	(0,00)	(0,00)
Year FE	yes	yes	yes	yes	yes	yes
Adj. R^2	0,17***	0,18***	0,42***	0,48***	0,13	0,14***
F	39,21	62,57	42,98	44,74	81,84	82,18
Nº of Observations	237950	237950	237950	237950	237950	237950
Nº of Firms	47590	47590	47590	47590	47590	47590

Source: Panel of Spanish Family firms, over the period 2010-2014. For robustness, we employ the Huber-White-Sandwich estimates, allowing for correlation of all observations of a given firm. Dependent variables are Productivity (PD), Profitability (ROA), and Sales growth (SG). ***Generation*** *is a dummy indicating management structure (a).* ***1ª generation*** *(b) is a dummy indicating that a family businesses with age below 30 years (Founders do better in term of profits, productivity and growths. Those family businesses with ages between 31 and 60 as considered in the* ***2ª generation (c)*** *(Heir do better in term of profits, productivity and growth), and all family firms with ages above 61 years are* ***3ª generation*** *family firm (Professional CEO and are considered as our reference). Other independent variables include* ***Incentive policy****-dividend distributed t/TA, t; Efficiency policy-(Personal Exp. + other Exp.)/Sales,* ***Age*** *(logarithm of firm's age measured in years plus one),* ***Size*** *(logarithm of book value of total asset).* ***Market status*** *(dummy equal to1 if the firms is unlisted in the Madrid Stock Exchange),* ***Year fixed effects*** *(Year FE),* ***for industry specific effect****, we considered only non-financial industry. Standard errors are in parentheses. *** Significant at 1%, **Significant at 5%, *Significant at 10%.*

4.3 Family Business vs Corporate Performance

In this section, we provide explanation to the results obtained from the regression model (3) regarding the corporate performance of family businesses in Spain. We include the ownership structure and the generational levels in one model, as well as the proxies for corporate performance. The performance of family businesses is presented in Table 7. The first regression describes the results regard to the productivity, the second regression shows analysis related to profitability, and the third regression illustrate the growth in sales.

Our result shows that after controlling for several firm characteristics, a statistical significant effect can be found for ownership structure and generational levels for all Spanish family firms over the period 2010-2014. On average, the model provide evidence that there exist a positive and statistical significant effect of ownership structure on performance at 1% level, with 2,6 for productivity, 0,57 for profitability and 2,5 for sales growth, respectively (row a). This shows that the ownership structure a family firm adopt has a positive impact on its performance. Like ownership structure, generational levels have positive effect on family firm's performance at the 1% level of significant for overall sample with 0,31 for productivity; 0,40 for profitability and 2,52 for sales growth, respectively (row b). Apparently, the effect of ownership structure and generation of family firm are two important variables that influence the performance.

We also add other controls such as incentive policy, efficient policy, log of firms' age, size, and market status, which can have a significant impact on corporate performance. Incentive policy have a positive impact on corporate performance with 0,29 for productivity, 3,79 for profitability and 0,22 for sales growth, respectively (row c). Like incentive policy, efficiency policy significantly influence corporate performance with 7,3 for production, 0,01 for profitability and 0,00 for sales growth, respectively, (row d). Our result is consistent with Anderson (1985), Bryson et al. (2011) and Schulze (2003). This result does not support the hypothesis 3 that aggressive incentive policy negatively affects the performance of family business.

Meanwhile, model 2 provides evidence that size has a positive effect on family firm's performance at the 5% level of significant for overall sample with 0,98 for productivity, 0,69 for profitability and 1,5 for sales growth, respectively (row e). Specifically, medium size family firms outperform small size firms (row f > row g). The difference in productive (PD = 1, 46) for medium size is higher than the difference in productive (PD = 0,1,03) for small size family firms, as well as the large family firms. With respect to profitability, (ROA = 0, 62) for medium size family firms is higher than profitability (ROA = 0,23) for small and large family firms. Growth in sales (SG = 0, 19) is higher for family firm in the medium size family firms than sales growth (SG = 0, 01) for small size family firms, as well as the large family firms. This result shows that medium size family businesses do better than small and large size family businesses.

Our findings are consistent with Daily and Dollinger (1992) and not consistent with Leach and Leahy (1991), where larger corporation due to their greater degree of control by the family outperformed have better financial ratios, particularly about sales growth, asset growth, profits as well as the rate of return to shareholders.

Like in Model (1) and (2), the age variable negatively affect the performance of family business. Similar result is found for Model (3) relating to the market status of a family, indicating if a family business is listed or not. Not listed in the Madrid stock exchange negatively affect two corporate performances (-0,10 for profitability and -0,21 for productivity) whereas with respect to sales growth (0,28), a family becomes indifference to its operation on the stock market. Unlisted family firms have lower performance than listed family firms. This result is consistent with Anderson and Reeb (2003) and Faccio et al. (2001). It is not consistent with Menédez-Requejo (2005), Gallo and Estapé (1992). This result does not support the hypothesis 4 that unlisted family businesses outperform listed family businesses.

Table 7. Family business vs corporate performance

Variables	*Productivity*		*Profitability*		*Sales growth*	
	a	*b*	*c*	*d*	*e*	*f*
(a) Ownership	2,6 *		0,57**		2,52***	
	(0,06)		(0,06)		(0,04)	
Dispersed Ownership		6,55***		0,04		0,13
		(1,8)		(0,19)		(0,11)
Concentrated ownership		4,50***		0,69***		0,21
		(1,7)		(0,18)		(0,11)
(b) Generation	0,31**		0,40***		0,07***	
	(0,09)		(0,09)		(0,00)	
1ª generation		-0,87***		-2,35**		1.25***
		(0,29)		(0,30)		(0,18)
2ª generation		-0,84***		-2.01**		1.62***
		(0,25)		(0,26)		(0,16)
(c) Incentive policy	0,29*	0,20***	3.79***	4,86***	0,22**	0,38**
	(0,02)	(0,02)	(0,11)	(0,23)	(0,00)	(0,02)
(d) Efficiency Policy	7,3***	8,8***	0,01***	0,00***	-0,00**	0,00***
	(0,04)	(0,17)	(0,00)	(0,00)	(0,00)	(0,00)
Age_Log (firms Age)	-6,19***		-0,07**		0,07***	
	(0,26)		(0,00)		(0,00)	
Size_Log(Assets)	0,58***		-0,17**		-0,01**	
	(1,59)		(0,02)		(0,00)	
Market_unlisted	-0.10***	-0.09***	-0,21	-0,80	0,28**	0,06
	(0,08)	(0,08)	(0,76)	(0,93)	(0,05)	(0,05)
(e) Medium		1,46***		0,62*		0,19***
		(0,22)		(0,23)		(0,01)
(f) Small		1,03***		0,64**		0,10***
		(0,20)		(0,21)		(0,01)
Year FE	yes	yes	yes	Yes	Yes	yes
Adj. R^2	0,11***	0,11***	0,57***	0,57***	0,19***	0,19***
F	58,53	59,39	65,90	44,74	93,27	82,18
Nº of Observations	237950	237950	237950	237950	237950	237950
Nº of Firms	47590	47590	47590	47590	47590	47590

Source: Panel of Spanish Family firms, over the period 2010-2014. For robustness, we employ the Huber-White-Sandwich estimates, allowing for correlation of all observations of a given firm. Dependent variables are ***Productivity*** *(PD),* ***Profitability*** *(ROA), and* ***Sales growth*** *(SG).* ***Ownership*** *is a dummy indicating ownership structure.* ***Dispersed ownership*** *is a dummy indicating that a companies with a member of the family who is a shareholder or a director possessing an individual participation of 5% to 20% or a collective participation of 20% to 50% of the total ownership.* ***Ownership concentrated*** *is a dummy indicating that when a member of the family is a shareholder or a director with more than 50% of total ownership.* ***Generation*** *is a dummy indicating management structure.* ***1ª generation*** *is a dummy indicating that a family businesses with age below 30 years (Founders do better in term of profits, productivity and growths. Those family businesses with ages between 31 and 60 as considered in the* ***2ª generation*** *(Heir do better in term of profits, productivity and growth), and all family firms with ages above 61 years are* ***3ª generation*** *family firm (Professional CEO and are considered as our reference). Other independent variables include* ***Incentive policy****-dividend distributed t/TA, t;* ***Efficiency policy*** *(Personal Exp. + other Exp.)/Sales,* ***Age*** *(logarithm of firm's age measured in years plus one),* ***Size*** *(logarithm of book value of total asset).* ***Market status*** *(dummy equal to1 if the firms is unlisted in the Madrid Stock Exchange),* ***Year fixed effects*** *(Year FE),* ***lamesm*** *indicates large, medium and small family business (if a family business is a large corporate, a dummy Large (reference) is set equal to 1; if medium, a dummy* ***Medium*** *is set equal to 1; if it is a small family business a dummy* ***Small*** *is set equal to 1), for industry specific effect, we considered only non-financial industry. Standard errors are in parentheses. *** Significant at 1%, **Significant at 5%, *Significant at 10%.*

4.4. Robustness Tests

The evidence provided by this study cannot be interpreted as the causal effect of ownership structure on corporate performance because of robustness, we claim that the family status and generational level depends itself on performance. Corresponding to Sraer and Thesmar (2007), Pérez-González (2006), simultaneity bias could occur in a cross-section if it were easier to transfer corporate control from one generation to another when family business does well be it professionally managed family firm with dispersed ownership or with concentrated ownership. To address this, we follow the same application in Sraer and Thesmar (2007). Due to the limited time frame in our panel model, two years before transmission period was considered and 20 events were noticed. Next, we check if this event outperformed the industry prior to the transmission and found that owners concentrated (founder or descendant) are not considered as having the best firms. Also, we considered family firms that were transmitted to professional managers (dispersed ownership) and we got 15 events. The result was not statistical significant and underperformed the industrial benchmark. Thus. it is possible to conclude that only higher performance family firms have concentrated ownership, even though the number of transitions we base our analysis is very small to a sufficient statistical power.

Next robustness check refers to the endogenous sample selection, 2ª generation family firms with insolvency situation or to be sold, that cannot manage itself to the 3ª generation. Thus, only 2ª generational firms that survive can move to the 3ª generation, implying overestimation of performance. To check if this is the case, we considered profitability of all family firms from 2010-2013. We had a total observation of 23 of ª generation firms, 31 of 2ª generation firms and 29 of 3ª generation firms. We found that the probability ratio was like the remaining firms. We notice that out of 4% of industry adjusted ROA, the second-generation firms underperformed the 3 ª generation firms. This show that endogenous attrition if any will lead to underestimation of the 2ª generation, can't lead to over performance.

We check the possibility of multicollinearity influencing our results by looking at the correlation among the independent variable in Table 3. Following the Molly et al, (2010) approach, the correlation among the independent variable are smaller except for size. We employed an alternative method by using the logarithm of the total employment as proposed in Molly et al., (2010), however, our result does not change either. Next, we excluded size variable from the models, with no variance inflation factors showing more than 10, our result remains unchanged and conclude that multicollinearity have very little effect on our result.

5. CONCLUSION

The fact that ownership structure of a family business can have an impact on its corporate performance should not be confuse given that as family business move from one generation to another show their level of success and a critical event of the life cycle of the family. In fact, many family firm fails to reach the 2ª or 3ª generation because they are unsuccessful in overcoming the difficulties surround their ownership structure. Thus, it relevance studying the insights relating ownership and performance of family business as they move from one generation to another. This might lead to best practices regarding how a family business is expected to change over long period of its life-span.

Even though, prior studies have investigated the performance and behaviour of family business, evidence usually lacks some theoretical framework, mainly because it is restricted to most large corporation or based on a restricted panel analysis, our study seek to overcome these shortcomings by providing analysis for large, small and medium size family businesses in Spain using a panel model. This allow us to provide evidence that the corporate performance of family businesses is influence by the ownership structure, more especially as a family business moves from one generation for another generation.

As illustrated by our results, ownership structure of a family firm has a positive impact on its performance. Specifically, family firms with concentrated ownership outperformed family firms with dispersed ownership, which supports Hypothesis 1. With respect to Hypothesis 2, the model 2 provides evidence that generation has a positive effect on family firm's performance at the 1% level of significant. However, family firm in the 1ª generation does outperform family businesses in the 2ª and 3ª generation is supported.

Incentive policy has a negative effect on family firms' performance at the 1% level of significant for 1ª generation family firms unlike in the 2ª and 3ª generation, the coefficient of model 2 are not significant. This indicates that most of the 2ª and 3ª generational family businesses pay less attention on incentive policy to booster their corporate performance. Thus, hypothesis 3 which states that *aggressive incentive policy negatively affects the performance of family business,* is true for 1ª generational firms and false for 2ª and 3ª generational firms. Finally, the possibility of a family firm not listed in the Madrid stock exchange negatively affect two corporate performances. Unlisted family firms have lower performance than listed family firms. This result does not support the hypothesis 4.

As shown, model 2 conclude that size has a positive effect on family firm's performance at the 5% level of significant Specifically, medium size family firms outperform small size firms (row f > row g). This result shows that medium size family businesses do better than small and large size family businesses. Our findings are consistent with Daily and Dollinger (1992) and not consistent with Leach and Leahy (1991), where larger corporation due to their greater degree of control by the family outperformed have better financial ratios, particularly to sales growth, asset growth, profits as well as the rate of return to shareholders.

From a theoretical perspective, this study clearly to some extent provides further evidence that the type of ownership structure adopted by a firm can result to positive effect on it performance, more especially as the company move from one generation to another. This result is consistent with Rojo et al. (2011), (Sraer and Thesmar (2007), Anderson and Reeb (2003) and Faccio et al. (2001).

REFERENCES

1. Adams, R. B., Almeida, H., & Ferreira, D. (2005). Powerful CEOs and their impact on corporate performance. Review of financial studies, 18(4), 1403-1432. https://doi.org/10.1093/rfs/hhi030
2. Allen, L., Gottesman, A., Saunders, A., Tang, Y., (2012). The role of banks in dividend policy. Financial Management, 41(3), 691-613. https://doi.org/10.1111/j.1755-053X.2012.01207.x
3. Andersen, E. (1985). The salesperson as outside agent or employee: a transaction cost analysis. Marketing Science 4(3), 234–254. https://doi.org/10.1287/mksc.4.3.234
4. Anderson, R., & Reeb, D. (2003b). Founding-family ownership, corporate diversification, and firm leverage. Journal of Law & Economics, 46 (2), 653-680. https://doi.org/10.1086/377115
5. Anderson, R. C., & Reeb, D. M. (2003). Founding-family ownership and firm performance: Evidence from the S&P 500. The journal of finance, 58(3), 1301-1328. https://doi.org/10.1111/1540-6261.00567
6. Anderson, R. C., Reeb, D. M., Upadhyay, A., & Zhao, W. (2011). The economics of director heterogeneity. Financial Management, *40(1),* 5-38. https://doi.org/10.1111/j.1755-053X.2010.01133.x
7. Ang, J., Cole, R., & Lin, J. (2000). Agency costs and ownership structure. Journal of Finance, 55 (1), 81-106. https://doi.org/10.1111/0022-1082.00201
8. Barontini, R., & Caprio, L. (2006). The effect of family control on firm value and performance: Evidence from continental Europe. European Financial Management, 12(5), 689-723. https://doi.org/10.1111/j.1468-036X.2006.00273.x
9. Bennedsen, M., Nielsen, K. M., Pérez-González, F., & Wolfenzon, D. (2006). Inside the family firm: The role of families in succession decisions and performance (No. w 12356). National Bureau of Economic Research. https://doi.org/10.3386/w12356; https://doi.org/10.2139/ssrn.925650
10. Binder Hamlyn. (1994). The quest for growth: a survey of UK private companies, London.
11. Brockman, P., & Unlu, E. (2009). Dividend policy, creditor rights, and the agency costs of debt. Journal of Financial Economics, 92(2), 276-299.https://doi.org/10.1016/j.jfineco.2008.03.007
12. Bryson, A., Freeman, R., Lucifora, C., Pellizzari, M., & Perotin, V. (2011). Pay for performance: incentive pay schemes and employees' financial participation, Draft paper, European Science Foundation.
13. Chrisman, J. J., Chua, J. H., & Litz, R. A. (2004). Comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence. Entrepreneurship Theory and practice, 28(4), 335-354. https://doi.org/10.1111/j.1540-6520.2004.00049.x
14. Claessens, S., Djankov, S., & Lang, L. (2000). The separation of ownership and control in East Asian Corporations, Journal of Financial Economics, 58 (1-2), 81-112. https://doi.org/10.1016/S0304-405X(00)00067-2
15. Daily, C. M., & Dollinger, M. J. (1992). An empirical examination of ownership structure in family and professionally managed firms. Family business review, *5(2),* 117-136. https://doi.org/10.1111/j.1741-6248.1992.00117.x
16. Demsetz, H., & Lehn, K. (1985). The structure of corporate ownership: Causes and consequences. Journal of Political Economy, 93, 1155-1177. https://doi.org/10.1086/261354
17. Demsetz, H., & Villalonga, B. (2001). Ownership structure and corporate performance. Journal of corporate finance, 7(3), 209-233. https://doi.org/10.1016/S0929-1199(01)00020-7
18. Demsetz, H. (1983). Structure of ownership and the theory of the firmıo The.JL & Econ., 26, 375. https://doi.org/10.1086/467041
19. Denis, D., Denis, D., & Sarin, A. (1997). Agency problems, equity ownship, and corporate diversification. Journal of Finance, 52, 135-160. https://doi.org/10.1111/j.1540-6261.1997.tb03811.x
20. Diéguez-Soto, J., López-Delgado, P., & Rojo-Ramírez, A. (2015). Identifying and classifying family businesses. Review of Managerial Science, 9(3), 603-634. Economics, 26, 375-390.
21. Faccio, M., & Lang, L. (2002). The ultimate ownership of Western European corporations, Journal of Financial Economics, 65 (3), 365-395. https://doi.org/10.1016/S0304-405X(02)00146-0
22. Faccio, M., Lang, L. P. H., & Young, L. (2001). Dividens and expropriation. *American Economic Review, 91,* 54-78. https://doi.org/10.1257/aer.91.1.54
23. Fahlenbrach, R. (2006): Founder-CEOs and stock market performance. Dice Center Working Paper No. 2004-20. Retrieved from SSRN: http://ssrn.com/abstract=606527
24. Fama, E. F., & French, K. R. (2001). Disappearing dividends: changing firm characteristics or lower propensity to pay? Journal of Financial economics, 60(1), 3-43. https://doi.org/10.1016/S0304-405X(01)00038-1
25. Farre-Mensa, J., Michaely, R., Jhonson, S. C., Schmalz, M. (2014). Payout Policy, Working Paper No. 1227 Ross School of Business. SSRN working paper. http://ssrn.com/abstract=2400618. https://doi.org/10.1596/1813-9450-7077
26. Fraser, J. A. (1990). Executive compensation survey: missed opportunities. INC Mag. 12, 11.
27. Gallo, M. A., & Estapé, M. J. (1992). Family business among the top 1000 Spanish companies. IESE research paper, 231.
28. Gallo, M. Á., Tàpies, J., & Cappuyns, K. (2004). Comparison of family and nonfamily business: Financial logic and personal preferences. Family Business Review, 17(4), 303-318. https://doi.org/10.1111/j.1741-6248.2004.00020.x
29. Ganderrio, B., (2002). 'Financial performance of family and non-family businesses', Retrieved September 10 from http://www.sbaer.uca.edu/Research/1999/ICSB/99ics015.htm.
30. González, M., Guzmán, A., Pombo, C., Trujillo, M. A. (2014). Family involvement and dividend policy in closely held firms. Family Business Review, *27(4),* 365-385. https://doi.org/10.1177/0894486514538448
31. Greco, S. (1997). Employee package deal. *INC Magazine, 19(15),* 30.
32. Gugler, K., & Yortoglu, B. (2003). Corporate governance and dividend pay-out policy in German, American Economic Review, *47(4),* 731-758.
33. Hamlyn, B. (1994). The quest for growth: a survey of UK private companies.Londres: Binder Hamlyn.
34. Himmelberg, C. P., Hubbard, R. G., & Palia, D. (1999). Understanding the determinants of managerial ownership and the link between ownership and performance. Journal of financial economics, 53(3), 353-384. https://doi.org/10.1016/S0304-405X(99)00025-2

35. Honjo, Y., & Harada, N. (2006). SME policy, financial structure and firm growth: evidence from Japan. Small Business Economics, 27(4-5), 289-300. https://doi.org/10.1007/s11187-005-6703-0
36. Jaskiewicz, P. (2005). Family influence and performance: An empirical study for Germany and France. Paper presented at the FBN-IFERA Conference in Brussels.
37. Jaskiewicz, P., González, V. M., Menéndez, S., & Schiereck, D. (2005). Long-run IPO performance analysis of German and Spanish family-owned businesses. Family Business Review, 18(3), 179-202. https://doi.org/10.1111/j.1741-6248.2005.00041.x
38. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: managerial behaviour, agency costs and ownership structure. Journal of Financial Economics, 3, 305–60. https://doi.org/10.1016/0304-405X(76)90026-X
39. La Porta, Lopez de Silanes, F., & Shleifer, A. (1999). Corporate ownership around the world, The Journal of Finance, 54 (2), 471-517. https://doi.org/10.1111/0022-1082.00115
40. La Porta, R., López-de-Silanes, F., Sheifer, A.,Vishny, R. (2000). Agency problems and dividens policies around the world, Journal of Finance, 55 (1), 1-33. https://doi.org/10.1111/0022-1082.00199
41. Leech, D., & Leahy, J. (1991). Ownership structure, control type classifications and the performance of large British companies. The Economic Journal, 101(409), 1418-1437. https://doi.org/10.2307/2234893
42. Lubatkin, M. H., Schulze, W. S., Ling, Y., & Dino, R. N. (2005). The effects of parental altruism on the governance of family-managed firms. Journal of Organizational Behavior, 26, 313–30. https://doi.org/10.1002/job.307
43. McConaughy, D. L., Walker, M. C., Henderson, G. V., & Mishra, C. S. (1998). Founding family controlled firms: Efficiency and value. Review of Financial economics, 7(1), 1-19. https://doi.org/10.1016/S1058-3300(99)80142-6
44. Menendez-Requejo, S. (2005). Growth and internationalisation of family businesses. International Journal of Globalisation and Small Business, 1(2), 122-133. https://doi.org/10.1504/IJGSB.2005.008009
45. Michaely, R., & Roberts, M. R. (2012). Corporate dividend policies: Lessons from private firms. Review of Financial Studies, 25(3), 711-746. https://doi.org/10.1093/rfs/hhr108
46. Miller D., Le Breton-Miller, I., Lester, R., & Canella Jr., A. (2007). Are family firms really superior performers? The Journal of Corporate Finance, *13(5),* 829-858. https://doi.org/10.1016/j.jcorpfin.2007.03.004
47. Miller, D., Le-Breton-Miller, I. (2005): Managing for the long run: Lessons in competitive advantage from great family businesses. Boston, MA: Harvard Business School Press.
48. Mishra, C. S., Randøy, T., & Jenssen, J. I. (2001). The effect of founding family influence on firm value and corporate governance. Journal of International Financial Management & Accounting, *12(3),* 235-259. https://doi.org/10.1111/1467-646X.00073
49. Morck, R. Shleifer, A. and Vishny, R. (1988). Management ownship and market valuation: An empirical analysis. Journal of Financial Economics, 20, 293-315. https://doi.org/10.1016/0304-405X(88)90048-7
50. Ntoung, A. T. L., Ferro Soto, C., & Outman, B.C. (2016). Ownership structure and financial performance of small firms in Spain. Corporate Ownership & Control, 13(4-4), 616-626. https://doi.org/10.22495/cocv13i4c4p11
51. Lious, N. A. T., Chettah, O.B., & Masárova, E.(2016). Agency cost of type I and accounting numbers in Australia and India. Corporate Ownership & Control, 13(4-2), 307-316. https://doi.org/10.22495/cocv13i4c2p4
52. Ntoung, A. T. Lious, Chettah, O. B., Masárova, E. (2016). Governance among Malaysian high performing companies. Corporate Board: Role, Duties and Composition, 12(2), 46-53. https://doi.org/10.22495/cbv12i2art6
53. Pérez, P. F., & Lluch, A. (Eds.). (2015). Familias empresarias y grandes empresas familiares en América Latina y España: Una visión de largo plazo. Fundacion BBVA.
54. Pison F. Irene, Cibrán F. Pilar and Ntoung A. T. Lious (2014). Cash flow fixing: A new approach to Economic Downturn (Small and Medium Size Enterprise). International Journal of Current Research and Academic Review, 2(7), 271-290.
55. Patra, T., Poshakwale, S., Ow—Yong, K. (2012). Determinants of corporate dividend policy in Greece, Applied Financial Economics, *22(13),* 1079-1083.https://doi.org/10.1080/09603107.2011.639734
56. Reid, R., Dunn, B., Cromie, S., & Adams, J. (1999). Family orientation in family firms: A model and some empirical evidence. Journal of Small Business and Enterprise Development, 6(1), 55-67. https://doi.org/10.1108/EUM0000000006668
57. Schulze, W. S., Lubatkin, M. H. and Dino, R. N. (2002). Altruism, agency, and the competitiveness of family firms. Managerial Decision Economics, 23, 247–59. https://doi.org/10.1002/mde.1064
58. Schulze, W. S., Lubatkin, M. H., Dino, R. N. and Buchholtz, A. K. (2001). Agency relationships in family firms: theory and evidence. Organization Science, 12, 99–116. https://doi.org/10.1287/orsc.12.2.99.10114
59. Schulze, W. S. (2003). Toward a theory of altruism in family firms. Journal of Business Venturing. 473-490. https://doi.org/10.1016/S0883-9026(03)00054-5
60. Sraer, D., & Thesmar, D. (2007). Performance and behaviour of family firms: Evidence from the French stock market. Journal of the european economic Association, 5(4), 709-751. https://doi.org/10.1162/JEEA.2007.5.4.709
61. Teoh, S. H., & Wong, T. J. (1993). Perceived auditor quality and the earnings response coefficient. Accounting Review, 346-366.
62. Vander Bauwhede, H., Willekens, M., & Gaeremynck, A. (2003). Audit firm size, public ownership, and firms' discretionary accruals management. The International Journal of Accounting, 38(1), 1-22. https://doi.org/10.1016/S0020-7063(03)00004-9
63. Villalonga, B., & Amit, R. (2009). How are U.S. family firms controlled? Review of Financial Studies, 22(8), 3047-3091. https://doi.org/10.1093/rfs/hhn080
64. Villalonga, B., Amit, R. (2006). How do family ownership, control and management affect firm value? Journal of Financial Economics, 80, 385-417. https://doi.org/10.1016/j.jfineco.2004.12.005
65. Westhead, P., & Cowling, M. (1997). Performance contrasts between family and non-family unquoted companies in the UK. International Journal of Entrepreneurial Behaviour and Research, 3(1), 30-52. https://doi.org/10.1108/13552559710170892