

**The University of Pennsylvania  
The Wharton School  
Management Department**

**PhD Seminar on Family Business Research  
MGMT 938 — Q2 Fall 2019  
Tuesdays 9:00 AM — 12:00 Noon  
SHDH Bowman Room 2039**

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**Course Overview and Design**

Family firms differ in a number of ways from non-family firms. These differences may result in differential behavior and performance of family firms versus non-family firms. Although family-controlled firms make up the vast majority of businesses around the world, academic research in this space is sparse. This seminar seeks to expose students to state of the art theoretical and empirical perspectives on family businesses. Throughout the course, we will focus on the ownership, control, and management issues that set family firms apart. We will focus on the main issues faced by family firms and attempt to critically examine how, using a range of methodologies, researchers have approached these issues. As we review the literature, we will seek to identify promising research areas, which may be of interest to you in the context of your dissertation research. In addition to addressing the content of the received literature, we will examine the process of crafting research papers and getting them published in top tier journals. Towards that end, we will characterize the key elements of high-impact papers and review the development process of such studies.

You are expected to come to class fully prepared to discuss and analyze the assigned readings for the session. Each week we will focus on approximately five papers from the suggested reading list. You should read at least one additional paper from the readings list (the one that interests you the most) to compare and contrast the insights from that paper with the ones covered in class. This will enrich the quality of class discussion and analysis, and give you a broader understanding of the field.

“Analyzing” a paper involves identifying and laying out:

- Research question(s)
- Central arguments and hypotheses
- For empirical papers, methods (research design, sample, data collection, construct measures, analytic techniques) and results
- Key conclusions

- Strengths, weaknesses, contributions to the literature, and interesting areas/questions for discussion.

Each student will serve as the discussion leader for one or more of the course sessions. Discussion leaders are expected to:

- (i) critically review several articles;
- (ii) identify new insights in the research that is being reviewed;
- (iii) evaluate its contribution to the literature;
- (iv) position the articles within the received literature on the subject matter;
- (v) present your own point of view on each article;
- (vi) raise discussion questions; and
- (vii) prepare a short PPT in which you highlight your analyses of the assigned papers and act as the discussion moderator for the class session.

In addition, you should reflect on the following questions that consider the readings collectively:

- (i) What are the common themes within the articles, contradictions among the articles, and insights?
- (ii) What are the most important conclusions from the readings viewed collectively?
- (iii) What might be appropriate follow-on research questions for a study based on a research gap that is suggested? (This entails your developing an understanding of the assigned articles, their relationship to one another, and their collective synthesis.)

### Requirements and Evaluation

One reaction paper is due by **December 17, 2019**. It will contain a comprehensive evaluation of a paper (rather than a mere summary of the paper), selected from the reading list or another paper that is of interest to you and has been vetted by the Instructor. Your course grade will be determined as follows:

Your participation in class discussions	33%
Your effectiveness as a discussion leader	33%
Your reaction paper	34%

### Other course features and resources

The class readings have been split between two sites: Study.net and Canvas. All third party copyrighted materials are found on Study.net; all other readings are found on Canvas. This is meant to minimize the cost of students obtaining reading materials.

- There is a dedicated Canvas site for our course. Course materials that are not copyrighted by a third party and periodic announcements will be posted on this Canvas site. The Canvas URL is:

<https://canvas.upenn.edu/courses/1450989>

- You will be able to access Study.net through Canvas. You should receive an email with logon information from Study.net at the beginning of the term. Please contact customerservice@study.net with any logon issues.

### The Course at a Glance

Session Number	Date	Topic
1	<b>Tuesday, October 15, 2019</b> <b>9:00 AM – 12:00 noon</b>	Introduction to Family Business Research
2	<b>Tuesday, October 22, 2019</b> <b>9:00 AM – 12:00 noon</b>	Family Firm Performance
3	<b>Tuesday, October 29, 2019</b> <b>9:00 AM – 12:00 noon</b>	Family Dynamics
4	<b>Tuesday, November 5, 2019</b> <b>9:00 AM – 12:00 noon</b>	Ownership and Governance of Family Firms
5	<b>Tuesday, November 26, 2019</b> <b>9:00 AM – 12:00 noon</b>	Management, Strategy, and Valuation of Family Firms
6	<b>Tuesday, December 3, 2019</b> <b>9:00 AM to 12:00 noon</b>	Succession in Ownership, Control, and Management in Family Firms

### Suggested Books

Ernesto J. Poza (2014), *Family Business* (4<sup>th</sup> Edition).

James Hughes (2004), *Family Wealth: Keeping it in the family*.

## Detailed Course Outline

### Notes:

*Each week I will point you to the specific papers on which our discussion will center in the following class meeting. Changes to the reading list can be anticipated throughout the term.*

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## I. Session 1: Tuesday, October 15, 2019 (9:00 AM to 12:00 noon)

### A. Introduction and Overview

#### Readings:

- a. Astrachan, J.H. and Shanker, M.C. (2003), Family businesses' contribution to the U.S. economy: A closer look, *Family Business Review*, 16(3): 21.
  - b. Bertrand, Marianne, and Antoinette Schoar (2006), The role of family in family firms. *Journal of Economic Perspectives*, 20(2), 73–96.
  - c. Burkart, Mike, Fausto Panunzi, and Andrei Shleifer (2003), Family firms. *Journal of Finance*, 58(5), 2167–2202.
  - d. Gomez-Mejia, L. R., Haynes, K. T., Nunez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007), Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137.
  - e. Gomez Mejia, Cruz, Berrone, and de Castro (2011), “The bind that ties: Socioemotional wealth preservation in family firms,” *The Academy of management Annals*, 5 (1), 653-707.
  - f. Gomez-Mejia, L. R., Nunez-Nickel, M., & Gutierrez, I. (2001), The Role of Family Ties in Agency Contracts. *Academy of Management Journal*, 44(1), 81-95.
  - g. Morck, Randall, David Stangeland, and Bernard Yeung (2000), “Inherited wealth, corporate control, and economic growth. The Canadian disease?” In: Morck, Randall (Ed.), *Concentrated Corporate Ownership*. University of Chicago Press, Chicago, IL, 319–369.
  - h. Pukall Thilo J. and Andrea Calabro (2013), The Internationalization of Family Firms: A Critical Review and Integrative Model. *Family Business Review*.
  - i. Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003), Exploring the agency consequences of ownership dispersion among inside directors at family firms. *Academy of Management Journal*, 46(2), 179-194.
  - j. Villalonga, Belén, and Raphael Amit (2010), Family Control of Firms and Industries. *Financial Management*, 39 (3), 863 – 905.
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**II. Session 2: Tuesday, October 22, 2019 (9:00 AM to 12:00 noon)****A. Family Firm Performance**

## Readings:

- a. Amit, Raphael, and Belén Villalonga (2013), “Financial performance of family firms,” in Leif Melin, Mattias Nordqvist, and Pramodita Sharma, Eds., *Handbook of Family Business*, SAGE Publications, pp. 157–178.
  - b. Anderson, Ronald, and David Reeb (2003), Founding family ownership and firm performance: Evidence from the S&P 500. *Journal of Finance*, 58(3), 1301–1329.
  - c. Anderson, R., Duru A., Reeb, D. (2009), Founders, heirs and corporate opacity in the US. *Journal of Financial Economics*, 92(2), 205-222.
  - d. Barontini, Roberto, and Lorenzo Caprio (2006), The effect of family control on firm value and performance: Evidence from continental Europe. *European Financial Management*, 12(5), 689–723.
  - e. Belenzon, Sharon, Aaron K Chatterji, and Daley Brendan (2017) Eponymous Entrepreneurs. *American Economic Review* 107(6): 1638–1655.
  - f. Belenzon, Sharon, Pataccon, Andrea, Zarutskie, Rebecca (2015) Married to the firm? A large scale investigation of the social context of ownership. Working paper. Duke University.
  - g. Berent-Braun, M.M., Uhlaner, L.M. (2012), Family Governance Practices and teambuilding: Paradox of the enterprising family. *Small Business Economics*, 38(1), 103-119.
  - h. Bloom, N., Van Reenen, J. (2007), Measuring and explaining management practices across firms and countries. *Quarterly Journal of Economics*, 122(4), 1351-1408.
  - i. Fahlenbrach, Rüdiger (2007), Founder-CEOs, investment decisions, and stock market performance. *Working Paper, Ohio State University*.
  - j. Maury, Benjamin (2006), Family ownership and firm performance: Empirical evidence from Western European corporations. *Journal of Corporate Finance*, 12, 321–341.
  - k. Pérez-González, Francisco (2006), Inherited control and firm performance. *American Economic Review*, 96(5), 1559–1588.
  - l. Villalonga, Belén, and Raphael Amit (2006), How do family ownership, control, and management affect firm value. *Journal of Financial Economics*, 80, 385–417.
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**III. Session 3: Tuesday, October 29, 2019 (9:00 AM to 12:00 noon)****A. Family Dynamics--** How family relationships and decision-making affect the family business

## Readings:

- a. Amit, R. & Perl, R. (2012), 2012 Family Governance Report: Sources and Outcomes of Family Conflict. *Wharton Global Family Alliance*.
- b. Beehr, T. A., Drexler, J. A., & Faulkner, S. (1997), Working in small family businesses: Empirical comparisons to non-family businesses. *Journal of Organizational Behavior*, 18(3), 297-312.
- c. Bjornberg, Asa and Nicholson, Nigel, (2012), "Emotional ownership: The next generation's relationship with the family firm," *Family Business Review*, 25 (4) 374-390.
- d. Bjursell C. 2011. Cultural divergence in merging family businesses. *Journal of Family Business Strategy* 2(2): 69–77.
- e. Danes, S. M., & Lee, Y. G. (2004), Tensions Generated by Business Issues in Farm Business-Owning Couples. *Family Relations*, 53(4), 357-366.
- f. Davis, P. S., & Harveston, P. D. (1999), In the Founder's Shadow: Conflict in the Family Firm. *Family Business Review*, 12(4), 311-323.
- g. Davis, P. S., & Harveston, P. D. (2001), The Phenomenon of Substantive Conflict in the Family Firm: A Cross-Generational Study. *Journal of Small Business Management*, 39(1), 14-30.
- h. Ensley, M.D., & Pearson, A. W. (2005), An Exploratory Comparison of the Behavioral Dynamics of Top Management Teams in Family and Nonfamily New Ventures: Cohesion, Conflict, Potency, and Consensus. *Entrepreneurship: Theory & Practice*, 29(3), 267-284.
- i. Gersick, K.E., Lansberg, I., & Davis, J. A. (1990), The impact of family dynamics on structure and process in family foundations. *Family Business Review*, 3(4), 357-374.
- j. Gilding, M. (2000), Family business and family change: Individual autonomy, democratization and the new family institution. *Family Business Review*, 13(3), 239-249.
- k. Lee, J. (2006), Impact of Family Relationships on Attitudes of the Second Generation in Family Business. *Family Business Review*, 19(3), 175-191.
- l. Levinson, H. (1971), Conflicts that Plague the Family Business. *Harvard Business Review*, 71(2), 90-98.
- m. Sorenson, R. L. (1999), Conflict Management Strategies Used by Successful Family Businesses. *Family Business Review*, 12(4), 325-340.

- n. Ward, John (2008), How values dilemmas underscore the difficult issues of governing the large, enterprising family. *Paper presented at the IESE International Family-Owned Business Conference, Barcelona, Spain.*
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#### **IV. Session 4: Tuesday, November 5, 2019 (9:00 AM to 12:00 noon)**

##### **A. Ownership and Governance of Family Firms**

###### Readings:

- a. Almeida, H., Park S.Y., Suhrmannyam M., Wolfenzon, D. (2011), The structure and formation of business groups: Evidence from Korean chaebols. *Journal of Financial Economics*, 99(2), 447-475.
- b. Anderson, Ronald, Sattar Mansi, and David Reeb (2003), Founding family ownership and the agency cost of debt. *Journal of Financial Economics*, 68, 263–285.
- c. Anderson, Ronald, and David Reeb, (2004) Board Composition: Balancing Family Influence in S&P 500 Firms, *Administrative Science Quarterly*.
- d. Ben-Amar W, André P. 2006. Separation of ownership from control and acquiring firm performance: the case of family ownership in Canada. *Journal of Business, Finance, and Accounting* 33(3-4): 517–543.
- e. Bertrand, Marianne, Paras Mehta, and Sendhil Mullainathan (2002), Ferreting out tunnelling: An application to Indian business groups. *Quarterly Journal of Economics*, 117(1), 121-148.
- f. Bouzgarrou H, Navatte P. 2013. Ownership structure and acquirers performance: family vs. non-family firms. *International Review of Financial Analysis* 27: 123–134
- g. Claessens, Stijn, Simeon Djankov, and Larry Lang (2000), Separation of ownership from control of East Asian firms. *Journal of Financial Economics*, 58(1-2), 81–112.
- h. Claessens, Stijn, Simeon Djankov, Joseph Fan, and Larry Lang (2002), Disentangling the incentive and entrenchment effects of large shareholdings. *Journal of Finance*, 57(6), 2741–2772.
- i. Deephouse DL, Jaskiewicz P. 2013. Do family firms have better reputations than non-family firms? An integration of socioemotional wealth and social identity theories. *Journal of Management Studies* 50(3): 337–360.
- j. Faccio, Mara, and Larry Lang (2002), The ultimate ownership of Western European corporations. *Journal of Financial Economics*, 65(3), 365–395.

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- k. Franks, J., Mayer, C. (2001), Ownership and control of German corporations. *Review of Financial Studies*, 14(4), 943-977.
  - l. Klasa, Sandy (2007), Why do controlling families of public firms sell their remaining ownership stake? *Journal of Financial and Quantitative Analysis*, 42(2), 339-367.
  - m. La Porta, Rafael, Florencio López De Silanes, and Andrei Shleifer (1999), Corporate ownership around the world. *Journal of Finance*, 54(2), 471–517.
  - n. La Porta, Rafael, Florencio López de Silanes, Andrei Shleifer, and Robert Vishny (2002), Investor protection and corporate valuation. *Journal of Finance*, 57(3), 1147–1170.
  - o. Masulis R., Pham P.K., Zein J. (2011), Family business groups around the world: Financing advantages, control motivations, and organizational choices. *Review of Financial Studies*, 24(11), 3556-3600.
  - p. Morck, R., Wolfenzon, D., and Yeung, B. (2005) ‘Corporate governance, economic entrenchment and growth’, *Journal of Economic Literature*, 43(3): 655–720.
  - q. Stavrou E, Kassinis G, Filotheou A. 2007. Downsizing and stakeholder orientation among the Fortune 500: does family ownership matter? *Journal of Business Ethics* 72(2): 149–162.
  - r. Villalonga, Belén, and Raphael Amit (2009), How are U.S. family firms controlled? *Review of Financial Studies*, 22(8), 3047-3091.
  - s. Villalonga, Belen, Amit, Raphael, Trujillo, María-Andrea, and Guzmán, Alexander (2015), Governance of family firms. *The Annual Review of Financial Economics* 7:635–54.
  - t. Zingales, Luigi (1995), What determines the value of corporate votes? *Quarterly Journal of Economics*, November, 1047–1073.
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**V. Session 5: Tuesday, November 26, 2019 (9:00 AM to 12:00 noon)****A. Management, Strategy, and Valuation of Family Firms**

## Readings:

- a. Alessandri, Todd, Daniele Cerrato and Kimberly A. Eddleston (2018). The mixed gamble of internationalization in family and nonfamily firms: The moderating role of organizational slack. *Global Strategy Journal* 8(1): 46-72.
- b. Anderson, Ronald, and David Reeb, (2003) Founding-Family Ownership, Corporate Diversification, and Firm Leverage *Journal of Law and Economics* XLVI, 653-687.
- c. Arregle, J.-L., Duran, P., Hitt, M. A., & van Essen, M. (2017). Why is family firms' internationalization unique? A meta-analysis. *Entrepreneurship Theory and Practice*, 41(5), 801-831.
- d. Ben-Amar, André P, Saadi S. (2014). Family firms and high technology mergers and acquisitions. *Journal of Management and Governance* 18(1): 129–158.
- e. Block JH. 2010. Family management, family ownership and downsizing: evidence from S&P 500 firms. *Working paper*.
- f. De Massis, Alfredo, Federico Frattini, Antonio Majocchi and Lucia Piscitello (2018). Family firms in the global economy: Toward a deeper understanding of internationalization determinants, processes, and outcomes. *Global Strategy Journal* 8(1): 3-21.
- g. Feldman, Emilie, Raphael Amit, and Belén Villalonga (2016), “Corporate divestitures and family control,” *Strategic Management Journal*, Volume 37(3): 429-446.
- h. Feito-Ruiz I, Menéndez-Requejo S. 2010. Family firm mergers and acquisitions in different legal environments. *Family Business Review* 23(1): 60–75.
- i. Gomez-Mejia, L. R., Larraza-Kintana, M., & Makri, M. (2003), The Determinants of Executive Compensation in Family-Controlled Public Corporations. *Academy of Management Journal*, 46(2), 226-237
- j. Gómez-Mejía LR, Patel PC, Zellweger TM. (2015), In the horns of the dilemma: socioemotional wealth, financial wealth, and acquisitions in family firms. *Journal of Management*.
- k. Hernández, Virginia, María Jesús Nieto and Andrea Boellis (2018). The asymmetric effect of institutional distance on international location: Family versus nonfamily firms. *Global Strategy Journal* 8(1): 22-45.
- l. Hsu Po-Hsuan, Huang Sterling, Massa Massimo , Zhang Hong (2015), The New Lyrics of the Old Folks: Risk Diversification of Family Ownership through Innovation and Exploration, Insead working paper.
- m. Kano, Liena and Alain Verbeke (2018). Family firm internationalization: Heritage assets and the impact of bifurcation bias. *Global Strategy Journal* 8(1): 158-183.

- n. Laeven L., Levine R. (2008), Complex ownership structures and corporate valuations. *Review of Financial Studies*, 21(2), 579-604.
  - o. McConaughy D. (1999), Is cost of capital different for family firms? *Family Business Review*, 12(4), 353-360.
  - p. Miller, Danny, Le Breton-Miller, Isabelle and Lester, Richard (2010), "Family ownership and acquisition behavior in publicly-traded companies, *Strategic management Journal* 31, 201-223.
  - q. Nenova, Tatiana (2003), The value of corporate voting rights and control: A cross-country analysis. *Journal of Financial Economics*, 68, 325–351.
  - r. Ray, Sougata, Arindam Mondal and Kavil Ramachandran (2018). How does family involvement affect a firm's internationalization? An investigation of Indian family firms. *Global Strategy Journal* 8(1): 73-105.
  - s. Stadler, Christian, Michael C. J. Mayer, Julia Hautz and Kurt Matzler (2018). International and product diversification: Which strategy suits family managers? *Global Strategy Journal* 8(1): 184-207.
  - t. Tsoutsoura, Margarita (2015), "The effect of succession taxes on family firm investment: Evidence from a natural experiment," *Journal of Finance*, 70, 649-688
  - u. Villalonga, Belén (2009), Note on valuing control and liquidity in family and closely held firms. *Harvard Business School Technical Note*, 209-104.
  - v. Zellweger, Thomas (2007), Time horizon, costs of equity capital, and generic investment strategies of firms. *Family Business Review*, 20(1), 1-15.
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**VI. Session 6: Tuesday, December 3, 2019 (9:00 AM to 12:00 noon)****A. Succession of Ownership, Control, and Management in Family Firms**

## Readings:

- a. Bennedsen, Morten, Kasper Nielsen, Francisco Pérez-González, and Daniel Wolfenzon (2007), Inside the family firm: The role of families in succession decisions and performance. *Quarterly Journal of Economics*, 122(2), 647–691.
- b. Bertrand, Marianne, Simon Johnson, Krislert Samphantharak, and Antoinette Schoar (2008), Mixing family with business: A study of Thai business groups and the families behind them. *Journal of Financial Economics*, 88, 466–498.
- c. Fan Joseph, Ming Jian, and Yin-Hua Yeh (2008), Succession: The roles of specialized assets and transfer costs. *Working Paper*, Chinese University of Hong Kong.
- d. Lansberg, I., & Joseph H. Astrachan (1994), Influence of Family Relationships on Succession Planning and Training: The Importance of Mediating Factors. *Family Business Review*, 7(1), 39-59.
- e. Lee, K.S., Lim, G.H., Lim, W.S. (2003), Family business succession: appropriation risk and choice of successor. *Academy of Management Review*, 28(4), 657-666.
- f. Long, Rebecca, and Chrisman, James (2013), “Management succession in family business,” in Leif Melin, Mattias Nordqvist, and Pramodita Sharma, Eds., *Handbook of Family Business*, SAGE Publications, pp. 157–178.
- g. Morris, M. H., Roy O. Williams, Jeffrey A. Allen, & Ramon A. Avila (1997), Correlates of success in family business transitions. *Journal of Business Venturing*, 12(5), 385-401.
- h. Smith, Brian, and Ben Amoako-Adu (1999), Management succession and financial performance of family controlled firms. *Journal of Corporate Finance*, 5, 341–368.
- i. Jeffrey Sonnenfeld and Padraic Spence (1989), “The parting patriarch of a family firm,” *Family Business Review*.
- j. Wasserman, Noam (2003) “Founder-CEO succession and the paradox of entrepreneurial success,” *Organization Science* 14 (2) pp 149-172.