Building Research Communities among Latin American Scholars

Mesa de trabajo sobre
Empresa Familiar

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Empresas familiares y no familiares en la Bolsa Mexicana de Valores: Hallazgos de 2005 a 2017

- Esta investigación analiza el desempeño financiero de las empresas que cotizan en la Bolsa Mexicana de Valores de 2005 a 2017.
- Analizamos datos obtenidos de 157 firmas que han cotizado en la Bolsa de Valores de México en el período 2005-2017; sin embargo, excluimos a aquellas empresas con datos perdidos y aquellas que no forman parte del Índice de Precios y Cotizaciones (IPC). Finalmente, dio como resultado un total de 90 empresas públicas de las cuales el 71 se identificaron como familiares y el 19 como empresas no familiares (de acuerdo a criterio de Villalonga y Amit, 2006).
- Las variables de rendimiento son: ROA y ROE. Las variables independientes incluidas son: empresa familiar (variable binaria), concentración de propiedad, etapa de propiedad, CEO, tamaño de la empresa (activos Ln), edad (edad Ln), período de crisis y sector industrial.
- Prueba ANOVA y Modelos econométricos

The role of the family control, ownership stage and family management in performance of companies listed on the Mexican Stock Exchange (2005-2017)

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Introduction

Family businesses have received increasing attention from researchers, consultants, practitioners and governments.
In order to understand their nature, several studies have been conducted to compare family and non-family businesses performance.
Furthermore, research has also been focused in exploring how variables as family management, ownership stage, and CEO nature (family or not) can influence the dynamic and performance of family firms. The notable influence of the family over the business in Latin America is reflected in the large amount of family organizations, even in companies of the stock market, that are controlled by family groups. The case of Mexico is not the exception, where more than 70% of the companies listed in the stock exchange are family owned.

1. Purpose and Research question

In which ways does the family control influence the economic value of a firm? Research has tried to answer this question, without reaching to a definitive answer. According to the Agency Theory, management and governance of the controlling family may create unique conditions that favor an efficient operation compared to non-family businesses, but a plenty of studies have contradict this idea. Findings show that family businesses can differ significantly in performance depending on the ownership structure, ownership stage, management and other variables. Through this research we aim to contribute to the understanding of these variables and how affect them the performance of family firms in the Mexican Stock Exchange.

2. Theory

1. Ownership. a) Level of influence of one or more families on ownership and management: Ferrero (1987), Corbetta (2010). b) Three fundamental elements in the definition of family firms, namely, ownership, control and management: Barnes & Hershon (1976), Alcorn (1982), Davis (1983), Davis & Tagiuri (1985), Welsch (1993), Villalonga & Amit (2006), Miller (2007).

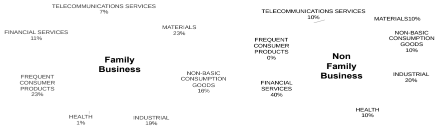
2. Performance: a) *Family business outperform non - family business:* Family ownership and control are positively and significantly related to accounting performance but have a less statistically robust association with market performance: Allouche, Amann et al., (2008), Amran & Ahmad (2009a), Amran (2010), Anderson & Reeb (2003); Chu (2009, Miller, Le Breton-Miller, Lester, & Cannella (2007), Singh & Gaur (2009), Sraer & Thesmar (2007), Villalonga & Amit (2006). b) *Non Family Business outperform Family Business*: There is a negative relationship between family involvement and performance: Gallo, Tapies & Cappuyns (2000), Lam & Lee (2012), Lin & Chen (2012), Oswald, Muse, & Rutherford (2007), Perez-Gonzalez (2006), Westhead & Howorth (2006), Yuan et al. (2008).

3. Management. a) Agency theory: When in the family business the management and ownership fall on the same person, agency costs are eliminated and a series of advantages are obtained over non-family companies: Jensen & Meckling (1976), Fama & Jensen (1983), Daily & Dollinger (1992), Matthews and Fialko (2001). b) When the founder is involved in operations, family firms exhibited better F. Perez González et al. (2012), Cronqvist & Nilsson (2003). c) The presence of a hired CEO is largely non-significant: Anderson & Reeb, (2003), Andres (2008), Barontini & Caprio (2006), Chen, Gray, & Nowland (2011), Maury (2006)

3. Hypothesis

4. Sample and Methodology

This research analyzes the financial performance of companies listed on the Mexican Stock Exchange from 2005 to 2017. We obtained from Capital IQ of 157 firms. However, we exclude those companies that did not have enough financial information and that are not part of the Price and Quotation Index (IPC), which ultimately resulted in 90 firms: 71 Family Business (78.88%) and 19 Non Family Business (21.12%), according to definition of Villalonga & Amit (2006).



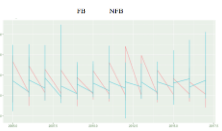
The variables of performance are: ROA, ROE, Growth, Productivity and Leverage. The independent variables included are: Family Business (binary variable), Ownership concentration, Ownership stage, CEO, Firm Size (Ln Assets), Age (Ln Age), Crisis period and Industrial Sector. We ran the VIF test to corroborate the lack of multicollinearity in the variables.

This quantitative research, uses descriptive statistics and multivariate data analysis: a) In order to determine if there is a significant difference in performance (FB vs NFB) we used ANOVA measure and Growth curve modeling. b) We did a multivariate regression analysis in which we ran the OLS, Fixed effect and random effect models. To choose the best model we ran three tests, including the Hausman test. For this, the random effect model was chosen.

5. Analysis

ANOVA- Family Business vs Non Family Business

Variables	Family Business Mean	Family Business SD	Non Family Business Mean	Non Family Business SD	Dif	ANOVA
ROA	5.39	4.31	3.32	4.76	2.07	46.14 (0.00***)
ROE	9.95	18.94	4.75	23.5	5.2	13.56 (0.00***)
Growth	28.83	12.99	11.41	23.3	17.42	4.62 (0.032*)
Productivity	9.22	16.31	9.62	18.16	-0.4	0.112 (0.74)



ANOVA-Family Business (Ownership stage, Management and CEO)

Variables	CEO		ANOVA	Management		ANOVA	Ownership Stage			ANOVA
	Family	Non Family		Family	Non Family		CO	SP	CC	
	Mean	Mean		Mean	Mean		Mean	Mean	Mean	
ROA	3.94	6.48	84.75 (0.000***)	5.59	2.82	25.65 (0.000***)	5.8	5.41	4.5	7.72 (0.003**)
ROE	4.33	14.15	64.15 (0.000***)	9.65	13.68	2.73 (0.0987).	10.54	10.03	8.52	0.71 (0.493)

Model Results-Random effect

ROA	(1)	(2)	(3)
Family Firm	0.7112*		
Concentration ownership	-0.0153***		-0.0184***
Family Own (10-19)		1.2758***	
Family Own (20-29)		1.2602**	
Family Own (30-39)		-0.0491	
Family Own (50-100)		0.3332	
Controlling Ownership Stage			0.8875**
Sibling Partnership			1.1324***
Family CEO			-0.7137***
Crisis	-0.3917.	-0.1026	-0.067
Ln(Total Assets)	-0.0952*	-0.1525*	-0.1099.
Ln(Firm Age)	0.3132*	0.3049.	0.3489*
Ln (Board Size)	0.8861**	1.1331***	0.8653**
ROA (-1)	0.6434***	0.6065***	0.5861***
Growth	0.0029***	0.0026***	0.0031***
LT debt/total assets	-0.0072	-0.0051	0.0818***
Productivity	0.0727***	0.083***	-0.0058
Intercept	-3.2503**	-4.4092***	-3.6588**
Industry Dummies	Yes	Yes	Yes
Adjusted R^2	0.6932	0.6476	0.6536
P-Value	0.000	0.000	0.000
N	90	70	70

6. Results

Hypothesis	Results
H1	In terms of performance (ROA, ROE, Growth and profitability), ANOVA test shows that there are significant differences between Family Business and Non Family Business. Accepted hypothesis
H2	Model 1 shows that family business outperform Non Family Business in terms of ROA. Accepted hypothesis
H3	Model 2 shows that ownership concentration has a positive effect on ROA. The positive contribution of family involvement in performance reaches a peak at moderate ownership levels (20%-29%), but disappears above the 30% ownership level. Accepted hypothesis
H4	Model 3 shows that the siblings partnership and controlling owner stages outperform the cousin consortium stage. On the other hand, there is a negative association between family CEO´S and performance. Rejected Hypothesis

7. Conclusions

This study is in process. We analyzed the performance of companies listed in the Mexican Stock Exchange during the period 2005 – 2017. In this poster, we present some of our findings related to the influence of family ownership and management over the performance of these firms. The study shows a high concentration of family businesses listed on the Mexican Stock Exchange (77.77%), which is typical in Latin America. According to our definition of Family Business, these organizations outperform non-family firms. Furthermore, in family firms the ROA is maximized when the business family is involved in the management of the firm, and the company is led by an external CEO, and the ownership stage is the Controling Owner or Siblings Partnership.

Limitations: Some studies that compare family to non- family businesses have reported that the results are contingent on the definition of Family Firm. During the process of analysis of our data, we confirm that the results depend significantly on the definition of this term.

Empresas familiares y no familiares en la Bolsa Mexicana de Valores: Hallazgos de 2005 a 2017

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Sector	Empresa Familiar	Empresa no familiar	Total	% Empresa Familiar	% Empresa no familiar
Materiales	16	2	18	22.86%	10.00%
Servicios y bienes de consumo no básico	11	2	13	15.71%	10.00%
Industrial	13	4	17	18.57%	20.00%
Salud	1	2	3	1.43%	10.00%
Productos de consumo frecuente	16	0	16	22.86%	0.00%
Servicios financieros	9	7	16	11.43%	40.00%
Servicios de telecomunicaciones	5	2	7	7.14%	10.00%
TOTAL	**71**	**19**	**90**	**100.00%**	**100.00%**
Porcentaje	**78.88%**	**21.12%**			

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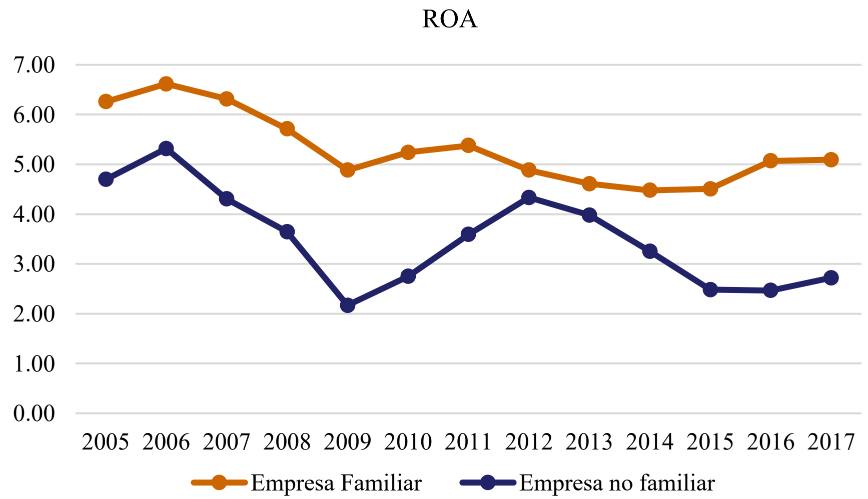
Rendimiento: Empresas Familiares vs No familiares

Variables	Empesa Familiar	Empresa no familiar	Diferencia Porcentual	ANOVA
	Media	Media		
ROA	5.31	3.52	50.85%	32.88(0.000***)
ROE	9.81	4.96	97.78%	11.41(0.000***)
Crecimiento	28.75	10.75	167.44%	4.76(0.0293*)
Endeudamiento	54.77	60.35	-9.25%	12.47(0.000***)



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Empresas Familiares

Variable	Familiar	% Familiar	No familiar	% No familiar	Total
Gestión	58	82%	13	18%	71
CEO	37	52%	34	48%	71

Variables	**Gestión**		**Diferencia Porcentual**	**CEO**		**Diferencia Porcentual**
	Familiar	**No familiar**		**Familiar**	**No familiar**	
	Media	Media		Media	Media	
ROA	5.57	4.32	28.94%	4.87	5.69	-14.41%
ROE	10.02	9.08	10.35%	8.28	11.15	-25.74%
Crecimiento	32.22	15.8	103.92%	13.75	41.78	-67.09%
Endeudamiento	53.47	59.6	-10.29%	58.67	51.38	14.19%

Variables	**Generación**		
	Propietario Controlador	Sociedad Hermanos	Consorcio de primos
	Media	Media	Media
ROA	5.8	5.41	4.5
ROE	10.54	10.03	8.52

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ROA	MODELO 1	MODELO 2	MODELO 3
Empresa familiar	0.7112*		
Concentración de la propiedad	-0.0153***		-0.0184***
Propiedad familiar (10-19)		1.2758***	
Propiedad familiar (20-29)		1.2602**	
Propiedad familiar (30-39)		-0.0491	
Propiedad familiar (50-100)		0.3332	
Propietario controlador			0.8875**
Sociedad de hermanos			1.1324***
CEO familiar			-0.7137***
Crisis	-0.3917.	-0.1026	-0.067
Tamaño de la firma	-0.0952*	-0.1525*	-0.1099.
Antigüedad	0.3132*	0.3049.	0.3489*
Tamaño de la junta	0.8861**	1.1331***	0.8653**
ROA (-1)	0.6434***	0.6065***	0.5861***
Crecimiento	0.0029***	0.0026***	0.0031***
Endeudamiento	-0.0072	-0.0051	0.0818***
Productividad	0.0727***	0.083***	-0.0058
Intercepto	-3.2503**	-4.4092***	-3.6588**
Industria dummy	Yes	Yes	Yes
R^2 Ajustada	0.6932	0.6476	0.6536
P-Value	0	0	0
N	90	71	71

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Estudio longitudinal en empresas que cotizan en la BMV entre 2005 a 2017 (Familiares y No Familiares)

Hallazgos:

- Empresas Familiares más rentables en el largo plazo que las no Familiares.
- Empresas de Propietario controlador y Sociedad de Hermanos más rentables que las de Consorcio de Primos.
- Empresas familiares con CEO no familiar más rentables que las de CEO familiar.
- Empresas familiares administradas por miembros de la familia con CEO no familiar tuvieron mayores rendimientos.