Volume 41(1) p.1-26

Journal of
JBS Business
Strategies

Received: June 9, 2023
Revision received: November 17, 2023
Accepted: February 12, 2024

https://doi.org/10.54155/jbs.41.1.1-26

The Family Effect on Brand Performance in Large United States Firms

Yan Hu[a], Jeanny Liu[b], Qunfeng Liao[c]

[a] Professor of Finance, College of Business, University of La Verne, 1950 3rd Street. La Verne, CA 91750 yhu@laverne.edu
[b] Corresponding author. Professor of Marketing, College of Business, University of La Verne, 1950 3rd Street. La Verne, CA 91750 jeanny.liu@laverne.edu
[c] Associate Professor of Accounting, Department of Accounting and Finance, School of Business Administration, Oakland University, 275 Varner Drive, Rochester, MI 48309 liao@oakland.edu

Abstract

While prior literature suggests that family firms with a positive corporate image are associated with superior financial performance, their effectiveness in creating firm brand value is not well understood. In this paper, we use Interbrand's global brand value data published between 2001 and 2017 to examine the effect of family ownership and family-named firms on brand value creation. Our findings indicate that within the sample of large global firms, family firms exhibit lower brand value compared to nonfamily firms. Moreover, after controlling for agency cost variables, effective corporate governance does not improve brand value for family firms. Cross-sectional analyses reveal that the difference in brand value between family and nonfamily firms is attributable to those family firms whose founders do not hold significant power. Furthermore, we observe that family firms, whether they have a family name as part of their company name, tend to have lower brand value than nonfamily firms.

Keywords

Brand value, Family firm, Family management, Family firm name.

1. Introduction

Family firms play a vital role in the U.S. economy, representing about 35 percent of companies listed on the Standard & Poor's 500 Index, employing a significant portion of the private sector workforce, and making substantial contributions to the gross national product (R. C. Anderson & Reeb, 2003; Pieper et al., 2021). Due to their distinctive private ownership and control, family firms have attracted substantial scholarly attention across disciplines.

Research on family brand management has predominantly focused on three essential issues: (1) how family firms manage and communicate their family brand (Beck, 2016; Binz Astrachan & Botero, 2018; Binz Astrachan et al., 2018; Botero et al., 2019), (2) how stakeholders perceive and associate with family firms (Botero et al., 2018; Craig et al., 2008; Jaufenthaler, 2023), and (3) the value and

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License. © 2024 The authors.

performance generated by family firms against nonfamily firms (R. C. Anderson & Reeb, 2003; Beck & Prügl, 2018; Orth & Green, 2009; Zellweger et al., 2012).

One critical aspect of family brand management is the distinctive approaches these firms adopt in branding and brand perceptions among stakeholders. While some actively promote their family identity as part of their brand strategy, others choose to downplay or conceal their familial ties (Botero et al., 2013; Binz Astrachan & Botero, 2018). A study by Botero et al. (2013) reveals that only 26 percent of 1,036 family websites explicitly convey their family affiliation. It is worth noting that family firms inherently have two intertwined identities: the owning family and the firm (Tagiuri & Davis, 1996). The different ways that family businesses communicate their family affiliation between explicit (family integrated into the brand) and implicit (family separate from the brand) highlight the complexity of family brand management. The motives behind a family's decision to promote their brand include both pride in their family brand identity and a desire to gain reputational advantages (Binz Astrachan & Botero, 2018). These motives, coupled with distinct beliefs, significantly influence how family firms allocate resources and make decisions (Habbershon & Williams, 1999). Consequently, the family identity can be either integrated into the company's brand or kept distinct.

Stakeholder perceptions also play a crucial role in shaping brand equity and firm performance. Prior research examining how stakeholders perceive family firms is grounded in the associative network effect (J. R. Anderson & Bower, 1974), of which brands can create unique impressions in the minds of stakeholders (Anatolevena Anisimova, 2007). Studies show that family firms often create positive and distinctive brand images not typically found in nonfamily firms (Craig et al., 2008). However, there are also negative perceptions, with some viewing family businesses as offering limited career opportunities, being pricier, secretive, and seeming less flexible (e.g. Botero et al., 2018; Krappe et al., 2011; Orth & Green, 2009). Considering the mixed evidence, a recent study uses a multi-stakeholder approach to explore the multifaceted associations more thoroughly on family brands. Jaufenthaler (2023) suggests that family firms' branding process is complex, as each stakeholder group varies in their expectations, interests, and perceptions of brands. Consequently, the evaluation of family brands may diverge across stakeholders. Therefore, the study of family firms may benefit from a distinct approach, one that offers a dynamic perspective involving multiple stakeholders.

In addition, studies have examined both financial and non-financial outcomes generated by family firms (R. C. Anderson & Reeb, 2003; Gómez-Mejía et al., 2011), including meta-studies that compare firm performance between family and nonfamily firms (O'Boyle et al., 2012; Wagner et al., 2015). Despite the valuable insights from prior studies into family brand outcomes, the diverse definitions of family firms in the literature make comparisons challenging (Dyer, 2018).

An important theoretical perspective in corporate governance theory focuses on two unique principal-agent conflicts prevalent in family firms, posing conflicts of interest among stakeholders. Agency theory (Jensen & Meckling, 1976) suggests family firms may mitigate agency costs by addressing conflicts between owners and managers (agency problem I). Additionally, scholars identify a secondary conflict between shareholders (the family holding the majority of shares) and debtholders (private lenders holding minority shares), known as agency problem II (Villalonga & Amit, 2006). These conflicts significantly impact firm performance, with research indicating both positive (R. C. Anderson & Reeb, 2003; McConaughy et al., 1998) and negative effects (Holderness & Sheehan, 1988; Morck et al., 2000). Reflecting on the extensive contributions in the literature, these findings highlight the importance of recognizing family businesses' unique governance and ownership structures.

In summary, studies on family branding and related outcomes are inconclusive, and their methodologies can vary greatly. A number of studies adopt a cross-sectional or theoretical approach, and a noticeable gap remains in empiri-

cal studies concerning the overall impact of family brands on brand performance. We define brand performance or value as the intangible asset connected with a brand's name, symbol, or trademark, providing value to consumers and serving as a competitive advantage for the firm (Aaker, 1991)[1], as well as an important tool of differentiation (Keller, 1993). While prior research has found that family firms tend to outperform non-family firms in firm performance (R. C. Anderson & Reeb, 2003; Villalonga & Amit, 2006), there is a lack of empirical research examining the relationship between family firms and brand value. Furthermore, the impact of family management on brand value creation remains unclear. Consequently, the strategic choice made by families to either explicitly or implicitly promote their family brand may have a discernible effect on brand value, especially when compared to family firms that abstain from doing so. Our study aims to investigate the effect of family ownership, as well as the effect of family management and family-named firms (family brands that link their family name to the firm brand), on brand value. We utilize Interbrand's published brand value as a measure of brand performance and employ longitudinal data for leading U.S. publicly traded family firms to conduct our analyses.

The paper begins with a brief overview of theoretical background and relevant literature on family firms and brand value. We then outline our hypotheses. Next, we provide details about the sample and methodology, and present the results. Finally, we conclude the paper by discussing our findings and their implications.

2. Literature Review and Hypotheses Development

Brand Equity and Brand Valuation

The notion that "brands have value" is widely accepted and extensively documented across various disciplines. Marketing scholars consider brand equity as the cumulative outcome of successful marketing efforts, which provides value to consumers and relevant stakeholders (Aaker, 1991; Keller, 1993). Brand equity is associated with the brand name, symbol, or trademark and can serve as a competitive advantage for the firm (Aaker, 1991), as well as a significant means of differentiation (Berthon et al., 2007; Keller, 1993). In finance and accounting, there is recognition that brands possess value, with emphasis placed on the financial valuation of brands (e.g. Farquhar, 1989; Simon & Sullivan, 1993). Brand valuation gained popularity in the 1980s as an assessment tool to separate brand value from goodwill for accounting purposes (Seddon, 2010).

Currently, three established methods are commonly used to determine the financial value of a brand. These brand valuation models, developed by researchers and industry practitioners, incorporate multiple perspectives. According to Keller and Lehmann (2006), there are three distinct methodologies in brand valuation: (1) customer-based, (2) company or product-based, and (3) financial-based. Each measurement approach provides a different perspective for assessing the value of a brand.

Customer-level brand value refers to the perceptions and behaviors of consumers related to a brand, focusing on the brand knowledge structures existing in their minds. It involves measuring consumer awareness, associations, attitudes, attachment, and activity towards the brand. According to Keller (1993), consumers perceive brand equity as a measure of their knowledge, awareness, and reactions based on aggregated knowledge comprising brand awareness and brand image accumulated over time. *Company or product-level* brand value is derived from the impact of the brand within the competitive product space. Early attempts to measure brand equity suggest that brand value is determined by price premiums, advertising elasticity, competitor pricing, and the strength of distribution channels (Hoeffler & Keller, 2003). Research in this area primarily focuses on price premiums and the profitability generated by brands (e.g. Simon & Sulli-

[1] In this study, we use the terms brand equity, brand performance, and brand value interchangeably, defining them as the total intangible asset of a brand.

van, 1993). *Financial-level* brand value assesses a brand's financial market performance. This approach, known as financial-based brand equity, utilizes metrics such as Tobin's Q, market-to-book ratio, and replacement costs to calculate a brand's value and has become an important evaluation tool and outcome measure for firms, particularly in the context of mergers and acquisitions (Bahadir et al., 2008).

Effects of Family Ownership and Control on Brand Value

Family firms differ from nonfamily firms through their distinct corporate governance structures, which can significantly impact their performance, both in terms of the firm itself and its brand. The family system is multifaceted, comprising three key components from a strategic management standpoint: (1) the controlling family unit, representing the family's heritage, tradition, reputation, and lifecycle; (2) the business entity, representing the strategies aimed at generating revenue, accumulating wealth, balancing short-term and long-term profits, capturing market share, and managing expenditures; and (3) the individual family members, reflecting their interests, skills, and competencies as family managers (Habbershon et al., 2003). This framework suggests that families often make trade-offs to maximize the firm performance. While family ownership may provide greater control over the firm and potentially result in higher performance, some families may prioritize maximizing their social and emotional wealth over financial wealth (Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2010; Gómez-Mejía et al., 2011). Consequently, existing literature has produced mixed findings regarding the relationship between family firms and firm performance.

Family ownership provides several advantages. According to classic agency theory (Jensen & Meckling, 1976), family firms tend to have lower agency costs due to reduced separation between the owners and managers. The theory suggests that managers who are not owners may not be as diligent as owner-managers, leading to higher agency costs for the firm. In family firms, aligned ownership and management reduce information asymmetry and may even eliminate agency problems (Fama & Jensen, 1983; Jensen & Meckling, 1976). Studies indicate that family firms tend to outperform nonfamily firms when experiencing fewer agency problems, as evidenced in public U.S. family firms (R. C. Anderson & Reeb, 2003), private European family firms (Minichilli et al., 2010), and public European family firms (Andres, 2008; Barontini & Caprio, 2006).

However, some research suggests that family firms may be less efficient, leading to poor performance (Morck et al., 2000). Concentrated ownership in these firms can lead to resource expropriation by managers (Shleifer & Vishny, 1997) and prioritize private benefits over maximizing shareholder value (Fama & Jensen, 1983), resulting in internal agency problems and hindering growth (Villalonga & Amit, 2006). Conflicts of interest between majority insiders and minority outsiders, compounded by governance structure, can limit transparency and negatively impact firm performance. Hence, excessive controls by family members may cause significantly poorer financial performance (Waseemullah & Hasan, 2017). Therefore, the findings on the relation between family ownership and firm performance have been mixed and inconclusive. Despite potential for strong performance, family firms encounter unique challenges and internal conflicts that may impede growth and efficiency. Given these complexities, this study aims to investigate whether unique ownership and control structures of family firms have a significant influence, either positive or negative, on brand performance. We study this research question in the context of how agency costs impact the ability of family firms to create brand value. Hence, we formulate the following hypothesis.

Hypothesis 1. *The brand value is significantly different between family and nonfamily firms.*

Effects of Family Managers and Management on Brand Value

Family managers play a pivotal role in the performance of family firms. Empirical studies have found that family firms, particularly those led by founders, are associated with higher firm perfor-

mance (R. C. Anderson & Reeb, 2003; Barontini & Caprio, 2006; Villalonga & Amit, 2006), especially when founders invest a significant portion of their wealth in the firm (Block, 2010; Munari et al., 2010; Roger & Schatt, 2016), highlighting the importance of family managers and their significant contributions in enhancing firm performance. In addition, the strategic decision-making of top management significantly impacts brand development in family firms with family members often occupying key management positions instead of hiring outside professionals (Calori et al., 1997; Bertrand & Schoar, 2006). While family managers play a significant role in influencing firm performance, their involvement may also present drawbacks. Some family managers may resist change and new strategies, thereby impeding growth and innovation (Kellermanns & Eddleston, 2006; Kraus et al., 2011; Sharma et al., 1997). Furthermore, family firms may retain family CEOs even if they lack qualifications, resulting in inefficiencies and nepotism-driven hiring practices (Blumentritt et al., 2007; Gómez-Mejía et al., 2001).

Given these unique dynamics, it is important to examine the level of family involvement in top management and its influence on brand performance. We hypothesize that leaders of family firms, particularly when founders hold active management roles as the CEO or Chairman of the board, significantly impact brand value creation. Therefore, we seek to investigate the influence of family control and the presence of founders in top management on brand valuation.

Hypothesis 2. *Founders holding critical top management positions moderates the impact of family ownership and control on brand value.*

Effects of Family-Named Firms on Brand Value

A family-named firm is a corporate entity that incorporates the family name as an integral part of its corporate identity. Family firms are often highly motivated to protect the reputation and legacy of the firm. Family firms that strongly associate themselves with family roots often maintain their family name as part of the company name, such as Brown-Forman Corporation, Ford Motor Company, and Thomson Reuters Corporation. These firms strategically differentiate themselves by leveraging their family name as part of their company name, thereby signaling a family-based identity.

Studies show this branding strategy may offer several advantages to the firm. First, it establishes a unique firm-specific resource by associating the company with the family name (Milton, 2008; Sundaramurthy & Kreiner, 2008). Second, it facilitates access to resources by leveraging the family's reputation and network (Kashmiri & Mahajan, 2014; Zang, 1999). Third, it creates new business opportunities by capitalizing on the goodwill and trust associated with the family name (Sieger et al., 2011). These efforts in building a family brand-based identity can provide family-named firms with a distinct competitive advantage in the marketplace. However, the impact on firm performance yields mixed findings, particularly in firms strongly committed to preserving their legacy (Gómez-Mejía et al., 2011). Larger, younger firms may be more inclined to downplay family ties than smaller, older ones.

In summary, existing literature on family branding primarily focuses on nonfinancial outcomes, with limited and inconclusive empirical findings regarding the impact of a family firm's image and reputation. Therefore, the relationship between family identity communication and firm performance remains complex and may vary across contexts and studies. Understanding how family firms build intangible assets that contribute to brand value remains unclear. Furthermore, the current literature does not clearly address the effect of family-named businesses on brand value in the context of large corporations. These discussions suggest that whether the incorporation of the family name in the company name moderates the relationship between family ownership and brand value is an empirical issue. Thus, we formulate our third hypothesis in null form.

Hypothesis 3. *Incorporating the family name in the company name moderates the impact of family ownership and control on brand value.*

3. Data and Summary Statistics

Data Source and Sample Selection

Our sample consists of Interbrand's annual list of the 100 most valuable global brands from 2001 to 2017. Interbrand is a well-established authority in brand valuation, and Appendix A provides its background and methodology. To ensure accuracy and consistency, we allocate the brand value to the parent company that owns the brands. In cases where a company owns multiple brands, we aggregate the brand values for that specific company. For example, if a company, such as Procter & Gamble Co., owns brands like Gillette, Pampers, and Duracell, we combine these individual brand values under Procter & Gamble Co.

To gather data for our study, we source information on family ownership, board composition, and director data from MSCI GMI Ratings (formerly Corporate Library). Additionally, we obtain accounting information from Compustat and institutional ownership from Thomson Reuters 13F. We begin by matching the top 100 brands with the list of companies in the Compustat database, resulting in 115 parent companies covering the period from 2000 to 2017. Subsequently, we match our sample of parent companies with available data on family ownership and management, resulting in 71 companies with 748 firm-year observations. After removing observations with missing family and accounting data, our final sample comprises 69 parent companies with 663 firm-year observations. Appendix Table A1 lists the names of these companies.

Family Variables

In this study, we identify family firms based on the extent of voting rights. Previous studies (R. C. Anderson & Reeb, 2003) use various criteria, such as the percentage of equity held by the founding family and the presence of family members in senior management or on the board, to identify family firms. However, these criteria do not pose a minimum requirement for family ownership and voting rights.

Following the framework proposed by Srinidhi et al. (2014), we use a more stringent criterion to define family firms based on voting rights. Specifically, we define a family dummy variable as equal to one if family ties, typically tracing back to the founder or previous generations, play a significant role in the firm's voting rights (holding at least 20 percent of the total votes) and board membership. Otherwise, the family dummy variable is assigned a value of zero. By incorporating this criterion for family involvement based on voting rights and board membership, we aim to capture the influence and significance of family ties in the governance and control of the firm.

Building on the research conducted by Villalonga and Amit (2006), we recognize the importance of the founder's active involvement in the firm in creating firm value. To investigate the impact of the family founder's role on brand value, we consider different scenarios of active family management, such as whether the founder holds the CEO position, the chairman of the board, or a seat on the nominating committee. We define several dummy variables to separate the family into two categories based on the presence of a powerful founder, following the approach of Liao et al. (2023). Appendix Table A2 provides further details on the definitions of these variables. These dummy variables allow us to examine the influence of the family founder's specific management roles on brand value and understand how different configurations of active family management impact brand outcomes.

Agency Cost Variables

We use the corporate governance *Gindex* as a proxy for agency costs to analyze the relationship between family control and brand value in the presence of agency costs. The *Gindex* is a composite measure that reflects the strength of a firm's corporate governance mechanisms, with a lower *Gindex* indicating weaker corporate governance and potentially higher agency costs. To construct the *Gindex*, we aggregate various board governance indicators, as suggested by Srinidhi et al. (2014, pages 2303-2304). These indicators include board independence, board diligence, board and audit committee sizes, the presence of busy directors, and CEO power. Collectively, these factors provide insights into the governance struc-

ture and practices within the firm.

Furthermore, we calculate the percentage of financial or accounting experts *(PCT of experts)* serving on the audit committee as an additional measure related to agency costs. The presence of financial or accounting experts on the audit committee is expected to reduce agency costs and enhance financial oversight. By incorporating these measures into *Gindex*, we can assess the level of agency costs within family firms and examine their association with family control and brand value.

Firm Specific Control Variables

We include several firm characteristics as control variables to account for their potential influence on brand value. These control variables include *Firm size, Firm age, ROA* (return on assets), *Market-to-book ratio, R&D/Sale* (Research and Development expense to sales ratio), and *Adv. expense/Sale* (advertising expense to sales ratio). *Firm size* is calculated as the natural logarithm of the book value of assets, capturing the effect of a firm's size on brand value. *Firm age* refers to the number of years since a firm's initial inclusion in the COMPUSTAT financial file and helps account for firms' incentives to downplay family ties. *ROA* is the ratio of operating income to total assets, serving as a measure of firm profitability to account for its influence on brand value. The *Market-to-book* ratio is the firm's market value divided by its book value. This ratio indicates investors' evaluation of the firm's future performance and controls for market perceptions that may impact brand value. *R&D/Sale* represents the research and development expense divided by total sales, capturing the level of investment in research and development activities that can improve products and services. Controlling *R&D/Sale* addresses the potential influence of research and development efforts on brand value. *Adv. expense/Sale* represents advertising expense divided by total sales, reflecting the level of advertising expenditure relative to sales. Previous studies have shown mixed findings regarding the relationship between advertising expenditure and brand value. Peterson and Jeong (2010) find that larger advertising expenditures are associated with larger brand values, but Chu and Keh (2006) discover that the one-year lagged effect of advertising expenditure on brand value is negative and significant. Consequently, we do not predict the direction of its sign. Finally, we include the percentage of institutional ownership of a firm's outstanding shares *(Inst. Ownership)* to control for the presence of other blockholders apart from the founding family.

Summary Statistics

Table 1 presents the summary statistics of our sample, consisting of 663 firm-year observations from 2001 to 2017. The average brand value in our sample is $16.28 billion, with 50 percent of the firm-year observations having brand values higher than $8.33 billion. The average corporate governance index is 1.02, and 50 percent of the firm-year observations have a corporate governance index lower than 1.03. Within our sample, 65.9 percent of the members serving on the audit committee are financial or accounting experts. Furthermore, our sample exhibits an average asset size of $140.02 billion, a firm age of 33.61, an ROA of 0.18, a market-to-book ratio of 2.69, R&D expenditures accounting for 4.2 percent of total sales, advertising expenses accounting for 3.7 percent of total sales, and institutional investors owning 66.4 percent of a firm's outstanding shares.

4. Empirical Results

Testing Hypothesis 1

To address Hypothesis 1, we test the difference in brand value between family and nonfamily firms using the *Family dummy* variable. Table 2 presents the results of the univariate analysis. We find that the average brand value for the 601 nonfamily firm-year observations is $17.16 billion, significantly higher than the $6.75 billion for the 55 family firm-year observations (P-value < 0.01). Additionally, at the median level, nonfamily firms exhibit a brand value of $3.18 billion higher than family firms, which is statistically significant at the 1 percent level. The findings from our univariate analysis show that, on average, family firms underperform nonfamily firms in creating brand value.

To examine the effect of family firms on brand value creation and investigate whether the differ-

Table 1: Summary Statistics

	N	Mean	S.D.	10th	Q1	Median	Q3	90th
Brand value	663	16.277	18.418	3.877	5.036	8.325	19.099	42.267
Family dummy	663	0.084	0.278	0.000	0.000	0.000	0.000	0.000
Gindex	492	1.021	0.586	0.266	0.524	1.028	1.406	1.921
PCT of experts	541	0.659	0.330	0.250	0.333	0.667	1.000	1.000
Firm size	663	10.484	1.573	8.597	9.287	10.403	11.411	12.781
Firm age	663	33.606	19.471	8.000	16.000	31.000	52.000	60.000
ROA	663	0.176	0.089	0.050	0.111	0.179	0.24	0.292
Market-to-book	656	2.693	1.417	1.102	1.557	2.385	3.473	4.687
R&D/Sale	663	0.042	0.056	0.000	0.000	0.016	0.059	0.135
Adv. expense/Sale	663	0.037	0.038	0.000	0.003	0.028	0.059	0.100
Inst. ownership	663	0.664	0.151	0.516	0.592	0.673	0.764	0.834

This table reports summary statistics of variables used in our sample. All variables are as defined in Appendix Table A2.

Table 2: The Effect of Family Ownership and Control on Brand Value: Univariate Analysis

	Brand Value	
	Mean	Median
Nonfamily firm (N = 601) (A)	17.156	8.951
Family firm (N = 55) (B)	6.749	5.767
Testing the differences (A) - (B)	10.407***	3.184***
	(4.06)	(4.56)

This table reports the univariate analysis of the effect of family ownership and control on brand value. The T-test (Wilcoxon rank-sum test) is used to test the null hypothesis that the difference in mean (median) is significantly different from zero. The t-stat. (z-stat.) is reported in parentheses. ***denotes significance at the 1 percent level.

ences in brand value between family and nonfamily firms are attributable to their unique ownership and governance structure, we employ an Ordinary Least Squares (OLS) model. This model enables us to explore the relationships and potential influences of various factors on brand value.

$$\begin{aligned} \textit{Brand value} = \alpha_0 &+ \alpha_1 \textit{Family dummy} \\ &+ \alpha_2 \textit{Firm size} \\ &+ \alpha_3 \textit{Firm age} \\ &+ \alpha_4 \textit{ROA} \\ &+ \alpha_5 \textit{Market-to-book} \\ &+ \alpha_6 \textit{R\&D/Sale} \\ &+ \alpha_7 \textit{Adv. expense/Sale} \\ &+ \alpha_8 \textit{Inst. ownership} \\ &+ \textit{Year dummies} \\ &+ \textit{SIC dummies} \\ &+ \epsilon \end{aligned} \tag{1}$$

The dependent variable in Equation (1) is brand value. The variable of interest is the *Family Dummy*. If family firms have a lower brand value, we should observe a negative coefficient estimate of α_1. This model controls aggregate fluctuations via year dummies, which account for temporal variation not attributed to our explanatory variables. We also include industry dummies (based on one-digit SIC code) to control for industry heterogeneity[2]. In column (1) of Table 3, we find that the coefficient estimate of the *Family Dummy* is negative and statistically significant at the 5 percent level (p-value < 0.05). Given observables, family firms have a brand value that is $8.06 billion lower than nonfamily firms. Additionally, we observe that brand value increases with firm size and profitability.

To further test the relationship between family firms and brand value in the presence of agency costs, we add *Gindex* (corporate governance index) and *PCT of experts* to Equation 1. *Gindex* aggregates several indicators of board effectiveness, and higher *Gindex / PCT of experts* suggest better corporate governance and lower agency costs. In column (2) of Table 3, we continue to find a significantly negative coefficient estimate of the *Family dummy* (P-value < 0.05) after controlling for agency costs. The coefficient estimates of *Gindex* and *PCT of experts* are positive but insignificant, indicating that better corporate governance does not necessarily result in a higher brand value. In summary, our results show that governance structure does not significantly influence brand value.

Testing Hypothesis 2

Hypothesis 2 predicts that the association between family firms and brand value differs when family members are actively involved in management roles, such as when the founder serves as CEO and/or Chairman of the Board, as opposed to when they are not. Previous research, notably Villalonga and Amit (2006), has provided evidence of the varying effects of family ownership, control, and management on firm value. The significant variation among family firms may also apply to our sample. To examine the relationship between family management and brand value, we split the key variable, Family dummy, into two separate variables based on the presence of a powerful founder.

Specifically, among the 55 family firm-year observations, there are 3 (52) where a founder holds (does not hold) the CEO position of the firm, denoted as *Founder_CEO*=1 (*Non-founder_CEO*=1). Additionally, we divide the 55 family firm-years into 7 (48) where the founder acts (does not act) as the chairman of the board, indicated by *Founder_chairman*=1 (*Non-founder_chairman*=1). In sum, there are 10 family firm-years coded as 1 for *Powerful_founder*, signifying instances where a founder holds significant positions[3], and the remaining 45 firm-years are coded as 1 for *Non-powerful_founder*, indicating the otherwise scenarios. We use Equation (2) to investigate the effects of family management on brand value. This anal-

[2] We choose one-digit SIC codes instead of two-digit ones because ten industries have fewer than ten observations each, with seven having only 1-3 observations. The limited number of observations in each industry also makes it impractical to match family and non-family firms based on their closest size within each industry (see "Matched Sample" for the matching procedure)

[3] Because no founder is also a nominating committee member in our sample period, the number of *Powerful_founder (10)* is the sum of *Founder_CEO (3)* and *Founder_chairman (7)*

Table 3: The Effect of Family Ownership and Control on Brand Value: Multivariate Analysis

	Dependent Variable: Brand value (1)	(2)
Family dummy	-8.061^{**}	-7.178^{**}
	(-2.29)	(-2.06)
Gindex		0.417
		(0.23)
PCT of experts		3.062
		(1.11)
Firm size	18.566^{***}	19.193^{***}
	(8.85)	(8.82)
Firm age	-0.027	-0.005
	(-0.17)	(-0.04)
ROA	51.622^{**}	61.130^{***}
	(2.46)	(2.78)
Market-to-book	1.397	1.243
	(1.63)	(1.42)
R&D/Sale	-16.564	-55.760
	(-0.40)	(-1.47)
Adv. expense/Sale	-45.573	-83.549^{*}
	(-0.85)	(-1.82)
Inst. ownership	15.159^{*}	22.236^{*}
	(1.93)	(1.93)
Year dummies	Yes	Yes
SIC dummies	Yes	Yes
Observations	656	488
Adj. R^2	0.443	0.44

This table reports the results of regressing brand value on family ownership and control. All variables are as defined in Appendix Table A2. The model includes an unreported intercept for brevity. The standard errors are clustered at the firm level. The t-statistics are reported in parentheses below each coefficient estimate. ***, **, and *denote significance at the 1, 5, and 10 percent levels (two-tailed), respectively.

ysis aims to enhance our understanding of how family involvement in management roles influences brand performance, accounting for the dynamics of family firms.

$$\begin{aligned} \textit{Brand value} = \beta_0 &+ \beta_1 \textit{Founder_management} \\ &+ \beta_2 \textit{Non-founder_management} \\ &+ \beta_3 \textit{Gindex} \\ &+ \beta_4 \textit{PCT of experts} \\ &+ \beta_5 \textit{Firm size} \\ &+ \beta_6 \textit{Firm age} \\ &+ \beta_7 \textit{ROA} \\ &+ \beta_8 \textit{Market-to-book} \\ &+ \beta_9 \textit{R\&D/Sale} \\ &+ \beta_{10} \textit{Adv.expense/Sale} \\ &+ \beta_{11} \textit{Inst. ownership} \\ &+ \textit{Year dummies} \\ &+ \textit{SIC dummies} \\ &+ \epsilon \end{aligned} \tag{2}$$

where *Founder_management* represents either *Founder_CEO*, *Founder_chairman*, or *Powerful_founder*, and *Non-founder_management* represents *Non-founder_CEO*, *Non-founder_chairman*, or *Non-powerful_founder*. The dependent and other control variables in Equation (2) are the same as in Equation (1). The regression results in Table 4 reveal insightful findings regarding the impact of family involvement on brand value creation. In column 1, the coefficient estimate of *Non-founder_CEO* is negative and statistically significant at the 5 percent level, indicating that family firms without a founder serving as the current CEO tend to have lower brand values than nonfamily firms. The economic difference is $12.40 billion and is statistically significant. Similarly, in columns 2 and 3, where we examine the effects of *Founder_chairman* and *Powerful_founder*, we observe similar patterns of negative coefficients when the founder is not the chairman of the board and not powerful.

These results suggest that family firms with active family management, particularly when the founder holds critical positions such as CEO or Chairman, tend to exhibit similar brand values compared to nonfamily firms but show lower brand value when active family management is absent. These findings indicate that the inactive role played by founders has negative implications for brand performance. The results are consistent with the view that founders have much-undiversified human capital investments in creating and operating the firm; thus, they have higher motivations to reduce agency costs than other family firms. Overall, the results show that family firms have a lower brand value than nonfamily firms when founders are not powerful. However, family firms with a powerful founder do not have such a difference.

Testing Hypothesis 3

We conduct univariate and multivariate analyses to examine Hypothesis 3 regarding the effect of family-named firms on brand value. Accordingly, we define *Eponymous* (*Non-eponymous*) as an indicator that takes the value of one if (i) the Family dummy variable is equal to one and (ii) the family name is (not) part of a company name; it takes zero otherwise. For each of the 55 family firm-years, we verify whether the company name incorporates the family name to determine its eponymous status. This process results in 35 eponymous and 20 non-eponymous family observations, respectively.

Table 5 presents the findings from the univariate analysis of the family name's effects on brand value. We find that nonfamily firms exhibit an average brand value of $17.156 billion, which is significantly higher than the $6.938 (eponymous) and $6.510 (non-eponymous) billion observed in family firms (p-value < 0.05). Similar results are obtained when examining the differences in median brand value. These results indicate that whether the family name is part of the company name does not affect the negative relationship between family firms and brand value. Additionally, the results show an insignificant difference in brand value between eponymous and non-eponymous family firms. To further investigate this relationship while accounting for firm-specific character-

Table 4: The Effect of Family Firms' Management Status of Founders on Brand Value

	Dependent variable = Brand value		
	(1)	(2)	(3)
Founder CEO	6.107		
	(1.19)		
Non-founder_CEO	−12.404**		
	(−2.14)		
Founder_chairman		−8.608	
		(−1.63)	
Non-founder_chairman		−10.735*	
		(−1.86)	
Powerful_founder			−3.803
			(−0.85)
Non-powerful_founder			−12.041**
			(−2.02)
Gindex	−0.022	−0.261	−0.120
	(−0.01)	(−0.11)	(−0.05)
PCT of experts	−3.255	−2.984	−3.360
	(−0.62)	(−0.56)	(−0.63)
Firm size	10.290***	10.443***	10.462***
	(4.00)	(4.01)	(4.06)
Firm age	0.074	0.056	0.068
	(0.55)	(0.41)	(0.50)
ROA	62.384**	63.295**	62.711**
	(2.14)	(2.14)	(2.13)
Market-to-book	1.068	1.132	1.172
	(0.90)	(0.94)	(0.99)
R&D/Sale	−71.628	−72.726	−73.853
	(−1.38)	(−1.37)	(−1.40)
Adv. expense/Sale	76.870	72.356	71.309
	(1.32)	(1.25)	(1.23)
Inst. ownership	−6.393	−2.088	−2.510
	(−0.61)	(−0.21)	(−0.26)
Year dummies	Yes	Yes	Yes
SIC dummies	Yes	Yes	Yes
Observations	488	488	488
Adj. R^2	0.443	0.438	0.441

This table reports the results of regressing brand value on family ownership and control, accounting for the heterogeneity of family firms' management status of the founder. All variables are as defined in Appendix Table A2. The model includes an unreported intercept for brevity. The standard errors are clustered at the firm level. The t-statistics are reported in parentheses below each coefficient estimate. ***, **, and *denote significance at the 1, 5, and 10 percent levels (two-tailed), respectively.

istics, we employ a multivariate framework using the following Equation 3.

$$\begin{aligned} \textit{Brand value} = \theta_0 &+ \theta_1 \textit{Eponymous} \\ &+ \theta_2 \textit{Non-eponymous} \\ &+ \theta_3 \textit{Firm size} \\ &+ \theta_4 \textit{Firm age} \\ &+ \theta_5 \textit{ROA} \\ &+ \theta_6 \textit{Market-to-book} \\ &+ \theta_7 \textit{R\&D/Sale} \\ &+ \theta_8 \textit{Adv. expenses/Sale} \\ &+ \theta_9 \textit{Inst. ownership} \\ &+ \textit{Year dummies} \\ &+ \textit{SIC dummies} \\ &+ \epsilon \end{aligned} \tag{3}$$

where the coefficient estimate for *Eponymous* (*Non-eponymous*) indicates the difference in brand value between nonfamily and eponymous (non-eponymous) family firms. In column (1) of Table 6, we find that the estimated θ_1 and θ_2 are both negative and statistically significant at the 1 percent level. This result indicates that family firms, whether they have a family name as part of their company name, tend to have significantly lower brand values than nonfamily firms.

To address potential agency problems, we further include *Gindex* (a proxy for corporate governance) and *PCT of experts* (the fraction of financial or accounting experts on the audit committee) as control variables in column (2) of Table 6. We obtain similar results after controlling for corporate governance, suggesting that it has an insignificant impact on the observed outcomes. Overall, the findings from both the univariate and multivariate analyses support the conclusion that family firms underperform nonfamily firms in terms of brand value creation, which is consistent with the expectations by agency theory that predicts no difference in the detrimental effect of family firms on brand value between eponymous and non-eponymous family firms.

Matched Sample

We use all observations to estimate our baseline regression (Equation 1), including all nonfamily firms in the control group. However, family and nonfamily firms differ in firm size and industry distribution. For instance, nonfamily firms such as Apple Inc. and Amazon.com, which rank at the top two spots in Interbrand's brand value ranking in recent years, have experienced exceptional brand value growth during our sample period. To address the concern of whether a comparison in a more balanced matching dataset of family and nonfamily firms would yield similar results, we match each treatment (family) firm-year observation to a control (nonfamily) counterpart based on size (book value of assets) in the same industry (one-digit SIC code)[4]. We obtain 55 pairs of family and nonfamily firm-year observations by applying this one-to-one matching procedure. Table 7 reports the re-estimation of the main results using the matched sample. The results show that the coefficient of the Family dummy remains significantly negative at the 5 percent level, and its magnitude is comparable to that reported in Table 3. This result shows that our finding is robust in a more balanced dataset, further supporting Hypothesis 1.

5. Discussion

The goal of the study is to examine the effect of family firms on brand performance. Our analysis of large global U.S. firms reveals a significant difference in brand performance between family and nonfamily firms. Contrary to popular beliefs, our results indicate that a family firm is negatively associated with brand value. This finding remains consistent after applying matched sample analysis of similar size and industry classification. Additionally, we find that the role of the founder, whether as the CEO or considered powerful, significantly moderates the negative association. Specifically, the brand value of family firms tends to diminish when the founder is not actively engaged in key management roles. Finally, we explore whether the eponymous status moderates the re-

[4] We are thankful to an anonymous reviewer for suggesting this test.

Table 5: Effect of Family Firms' Eponymous Status on Brand Value: Univariate Analysis

	Brand Value	
	Mean	Median
Nonfamily firm (N = 601) (A)	17.156	8.951
Family firm (N = 55) (B)	6.938	7.005
Non-eponymous family firm (N = 20) (C)	6.510	5.702
Testing the differences		
(A) - (B)	10.218**	1.946***
	(3.193)	(3.496)
(A) - (C)	10.646**	3.249***
	(2.517)	(3.089)
(B) - (C)	0.428	1.303
	(0.418)	(0.665)

This table reports the univariate analysis of the effect of family firms' eponymous status on brand value. The T-test (Wilcoxon rank-sum test) is used to test the null hypothesis that the difference in mean (median) is significantly different from zero. The t-stat. (z-stat.) is reported in parentheses. *** and ** denote significance at the 1 and 5 percent levels (two-tailed), respectively.

lationship between family ownership and brand value. Our findings suggest that eponymous family firms tend to have higher brand value than non-eponymous family firms; however, the difference is not statistically significant. Both types of family firms exhibit lower brand value than their nonfamily counterparts.

Previous research indicates that the effect of family firms on performance remains mixed. Our findings are consistent with the perspective of Fama and Jensen (1983) that founding family ownership and control are not as efficient or profitable as a more diversified ownership structure. This belief stems from the potential conflicts of interest when families have ownership and control; they might prioritize personal gains over the profitability of the firm (Shleifer & Vishny, 1997). This situation could lead to decisions that favor the interests of the controlling family over those of other shareholders (Kumar & Zattoni, 2016; Santulli et al., 2019). Additionally, a founding family might avoid necessary risks to protect their wealth (Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2011)), leading to more conservative business decisions that could hinder growth (e.g. Holderness & Sheehan, 1988; Morck et al., 2000). In branding, family firms may prioritize family members' personal interests, non-pecuniary benefits, or intra-family dynamics over optimal branding strategies, potentially hindering the firm's ability to create brand value.

Furthermore, previous studies on family branding have predominantly highlighted the positive impact of family firms on customer perception (Jaufenthaler, 2023), customer loyalty (Binz et al., 2013; Orth & Green, 2009; Sageder et al., 2015), commitment to quality (Blodgett et al., 2011), trust and authenticity (Lude & Prügl, 2018; Zanon et al., 2019), and social-emotional wealth (Berrone et al., 2010; Gómez-Mejía et al., 2011). Despite these positive outcomes, family brands might encounter unique obstacles that diminish their brand value relative to nonfamily firms. These challenges might stem from diverse perceptions of the family brand among various stakeholders (Binz Astrachan et al., 2019; Jaufenthaler, 2023) and across distinct cultural dynamics in global markets (Jaufenthaler et al., 2023), potentially impeding consistent growth in brand value.

Table 6: Effect of Family Firms' Eponymous Status on Brand Value: Multivariate Analysis

	Dependent Variable: Brand value	
	(1)	(2)
Eponymous	−8.081***	−11.236***
	(−2.97)	(−3.79)
Non-eponymous	−6.560***	−9.480***
	(−3.85)	(−4.38)
Gindex		−0.211
		(−0.09)
PCT of experts		−3.056
		(−0.56)
Firm size	11.502***	10.425***
	(4.31)	(3.98)
Firm age	0.018	0.054
	(0.13)	(0.39)
ROA	50.372*	62.255*
	(1.81)	(1.98)
Market-to-book	1.667	1.151
	(1.30)	(0.91)
R&D/Sale	−54.494	−73.197
	(−1.01)	(−1.34)
Adv. expense/Sale	94.663*	72.466
	(1.67)	(1.28)
Inst. ownership	6.634	−2.634
	(0.79)	(−0.26)
Year dummies	Yes	Yes
SIC dummies	Yes	Yes
Observations	656	488
Adj. R^2	0.440	0.438

This table reports the results of regressing brand value on family ownership and control, accounting for the heterogeneity of family firms' eponymous status. All variables are as defined in Appendix Table A2. The model includes an unreported intercept for brevity. The standard errors are clustered at the firm level. The t-statistics are reported in parentheses below each coefficient estimate. ***and *denote significance at the 1 and 10 percent levels (two-tailed), respectively.

Table 7: Effect of Family Ownership and Control on Brand Value: Matched Sample

	Dependent Varable: Brand valaue	
	(1)	(2)
Family dummy	-6.539^{**}	-8.066^{**}
	(-2.48)	(-2.29)
Gindex		0.614
		(0.14)
PCT of experts		11.310
		(1.27)
Firm size	14.852^{***}	10.807^{***}
	(3.18)	(3.17)
Firm age	-0.530^{**}	-0.566^{**}
	(-2.20)	(-2.57)
ROA	142.169^{**}	125.870^{**}
	(2.20)	(2.35)
Market-to-book	-0.440	0.632
	(-0.33)	(0.59)
R&D/Sale	29.919	-7.158
	(0.45)	(-0.12)
Adv. expense/Sale	70.183	52.994
	(1.14)	(1.14)
Inst. ownership	14.823	-2.137
	(1.29)	(-0.24)
Year dummies	Yes	Yes
SIC dummies	Yes	Yes
Observations	110	85
Adj. R^2	0.549	0.624

This table reports the results of regressing brand value on family ownership and control in the matched sample. We match each family firm's year with a nonfamily firm's year in the same industry (one-digit SIC code) based on the closest firm size. All variables are as defined in Appendix Table A2. The model includes an unreported intercept for brevity. The standard errors are clustered at the firm level. The t-statistics are reported in parentheses below each coefficient estimate. ***and **denote significance at the 1 and 5 percent levels (two-tailed), respectively.

For instance, family firms venturing into the global market often navigate diverse cultural influences that significantly shape stakeholder perceptions. In regions that hold family ties and heritage in high regard (e.g., Germany), these firms are often viewed as more trustworthy, authentic, and committed (Beck & Prügl, 2018; Lude & Prügl, 2018; Jaufenthaler, 2023; Schellong et al., 2019). However, this sentiment isn't universal. In some regions, there is a tendency to perceive family firms as stagnant, unprofessional, inflexible, or less innovative compared to nonfamily firms (Botero et al., 2018; Carrigan & Buckley, 2008; Orth & Green, 2009). As a result, family firms face the challenge of strategically balancing branding, blending their core family values while adapting to local cultures, and catering to the varied expectations of stakeholders. Therefore, even though family brands (regardless of their direct association with the family name) may convey a strong sense of family identity and heritage, this connection does not universally resonate or translate into broader appeal across stakeholder groups and markets (Jaufenthaler, 2023), and may even have an undesirable effect on brand value.

Our study has implications for practitioners and managers in family businesses. While the results indicate that family firms underperform in brand performance compared to nonfamily firms, the cross-sectional analysis highlights a negative effect on brand value when family members, particularly founders, are absent from key management roles. This result suggests that the active participation of founders potentially shapes branding strategies and enhances brand strength. Conversely, when the family is not actively involved in managing the company, the brand value is significantly lower compared to nonfamily firms. This decline could be due to a lack of the original vision, passion, or personal investment from founders, which might diminish when management transitions to nonfamily professional or transgenerational successions.

Our findings are consistent with previous studies that have found only a few family firms actively promote their family brand (Binz Astrachan & Botero, 2018; Botero et al., 2013). The decision by family firms to either explicitly or implicitly convey their family nature through their brand is inherently subjective. In general, companies often face resource allocation decisions and must choose whether to invest in marketing-related activities over R&D expenditures (e.g. Chrisman & Patel, 2012), internationalization (Gómez-Mejía et al., 2023; Santulli et al., 2019), diversifications (Gómez-Mejía et al., 2010), and other product-related investment opportunities, among others. For instance, family firms, such as Starbucks and Tesla, primarily emphasize and allocate resources heavily toward product development rather than marketing initiatives in their early stages of development. The financial strategy of Tesla provides an illustrative example by allocating minimal funds to marketing but dedicating an average of $2,984 to R&D per car sold, tripling the amount spent on product-related expenditure compared to its rivals (Ali, 2021). This underinvestment could stem from unique strategies by family managers to preserve social-emotional wealth, manage financial stress, and prioritize investments during the initial years. As family firms expand, as seen with Starbucks, their strategic priorities shift, placing a greater emphasis on marketing strategy to strengthen their brand presence in the market.

6. Limitations and Future Research

This research comes with several acknowledged limitations. First and foremost, its exclusive focus on U.S. global companies potentially narrows the scope of its applicability. Such geographical confinement limits the transferability of the results to other regions or cultural contexts. To enhance understanding, further research should explore the influence of family brands on stakeholders across different geographical and cultural environments (Binz Astrachan et al., 2019). Additionally, it might be advantageous for managers to understand how diverse perceptions and cultural contexts could affect the capability of family firms to generate brand value. Second, it is essential to note that our sample size is relatively modest, which might introduce challenges to generalizing results and increase variability. Third, the reliance on a single measure of brand value is a limitation.

While we utilize Interbrand, a broadly recognized and accepted brand measurement method, considering alternative proprietary brand measures might provide further insights into family firms. During our study, identifying suitable alternative measures for our sample proved difficult. Future studies employing a varied brand metric might help validate these findings. Finally, while our study sheds light on the dynamics between active founders and brand value, certain aspects remain unclear. For instance, our results indicate a positive correlation between active founders and brand value, even though the correlation is not statistically significant, highlighting the complexity of founders' marketing initiatives and strategies in relation to brand value and calling for further in-depth exploration. It would be interesting to understand if specific marketing initiatives might yield a positive impact on brand value. To gain a better understanding, future research can broaden its geographic locations, incorporate alternative brand measurement tools, and delve deeper into the complex dynamics between active founders and marketing in family firms.

In conclusion, our main interest in this study is to examine the relationship between family businesses and brand performance. Our study builds upon the existing literature on family firm ownership (R. C. Anderson & Reeb, 2003; Jaskiewicz et al., 2023) and family branding (Beck, 2016; Binz Astrachan et al., 2019; Jaufenthaler, 2023). While the uniqueness of family brands is well-documented, empirical analyses remain limited regarding the impact of family firms on brand value. By incorporating empirical evidence, we address a notable gap that previous studies have often bridged with anecdotal data. Through an analysis of prominent global U.S. firms, our findings consistently show that nonfamily firms outperform family firms in brand value creation. Furthermore, these insights shed light on how family ownership, management, and branding strategies may affect family firms' ability to generate brand value.

References

Aaker, D. A. (1991). *Managing brand equity: Capitalizing on the value of a brand name*. The Free Press.

Ali, A. (2021). Comparing Tesla's Spending on R&D and Marketing Per Car to Other Automakers. Retrieved April 1, 2024, from https://www.visualcapitalist.com/comparing-teslas-spending-on-rd-and-marketing-per-car-to-other-automakers/

Anatolevena Anisimova, T. (2007). The effects of corporate brand attributes on attitudinal and behavioural consumer loyalty. *Journal of Consumer Marketing*, *24*(7), 395–405. https://doi.org/10.1108/07363760710834816

Anderson, J. R., & Bower, G. H. (1974). Interference in memory for multiple contexts. *Memory & Cognition*, *2*(3), 509–514. https://doi.org/10.3758/BF03196913

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

Andres, C. (2008). Large shareholders and firm performance—An empirical examination of founding-family ownership. *Journal of Corporate Finance*, *14*(4), 431–445. https://doi.org/10.1016/j.jcorpfin.2008.05.003

Bahadir, S. C., Bharadwaj, S. G., & Srivastava, R. K. (2008). Financial Value of Brands in Mergers and Acquisitions: Is Value in the Eye of the Beholder? *Journal of Marketing*, *72*(6), 49–64. https://doi.org/10.1509/jmkg.72.6.049

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

Beck, S. (2016). Brand management research in family firms: A structured review and suggestions for further research. *Journal of Family Business Management*, *6*(3), 225–250. https://doi.org/10.1108/JFBM-02-2016-0002

Beck, S., & Prügl, R. (2018). Family Firm Reputation and Humanization: Consumers and the Trust Advantage of Family Firms Under Different Conditions of Brand Familiarity. *Family Business Review*, *31*(4), 460–482. https://doi.org/10.1177/0894486518792692

Berrone, P., Cruz, C., Gómez-Mejía, L. R., & Larraza-Kintana, M. (2010). Socioemotional Wealth and Corporate Responses to Institutional Pressures: Do Family-Controlled Firms Pollute Less? *Administrative Science Quarterly*, *55*(1), 82–113. https://doi.org/10.2189/asqu.2010.55.1.82

Berthon, P., Holbrook, M. B., Hulbert, J. M., & Pitt, L. F. (2007). Viewing Brands in Multiple Dimensions. *MIT Sloan Management Review*, *48*(2), 37–43.

Bertrand, M., & Schoar, A. (2006). The Role of Family in Family Firms. *Journal of Economic Perspectives*, *20*(2), 73–96. https://doi.org/10.1257/jep.20.2.73

Binz, C., Hair, J. F., Pieper, T. M., & Baldauf, A. (2013). Exploring the effect of distinct family firm reputation on consumers' preferences. *Journal of Family Business Strategy*, *4*(1), 3–11. https://doi.org/10.1016/j.jfbs.2012.12.004

Binz Astrachan, C., Botero, I., Astrachan, J. H., & Prügl, R. (2018). Branding the family firm: A review, integrative framework proposal, and research agenda. *Journal of Family Business Strategy*, *9*(1), 3–15. https://doi.org/10.1016/j.jfbs.2018.01.002

Binz Astrachan, C., & Botero, I. C. (2018). "We are a family firm": An exploration of the motives for communicating the family business brand. *Journal of Family Business Management*, *8*(1), 2–21. https://doi.org/10.1108/JFBM-01-2017-0002

Binz Astrachan, C., Prügl, R., Hair, J. F., & Babin, B. J. (2019). Marketing and branding in family business: Assessing the landscape and charting a path forward. *Journal of Family Business Strategy*, *10*(1), 3–7. https://doi.org/10.1016/j.jfbs.2019.02.003

Block, J. (2010). Family Management, Family Ownership, and Downsizing: Evidence from S&P 500 Firms. *Family Business Review*, *23*(2), 109–130. https://doi.org/10.1177/089448651002300202

Blodgett, M. S., Dumas, C., & Zanzi, A. (2011). Emerging Trends in Global Ethics: A Comparative Study of U.S. and International Family Business Values. *Journal of Business Ethics*, *99*(S1), 29–38. https://doi.org/10.1007/s10551-011-1164-7

Blumentritt, T. P., Keyt, A. D., & Astrachan, J. H. (2007). Creating an Environment for Successful Nonfamily CEOs: An Exploratory Study of Good Principals. *Family Business Review*, *20*(4), 321–335. https://doi.org/10.1111/j.1741-6248.2007.00102.x

Botero, I. C., Astrachan, C. B., & Calabrò, A. (2018). A receiver's approach to family business brands: Exploring individual associations with the term "family firm". *Journal of Family Business Management*, *8*(2), 94–112. https://doi.org/10.1108/JFBM-03-2017-0010

Botero, I. C., Spitzley, D., Lude, M., & Prügl, R. (2019). Exploring the Role of Family Firm Identity and Market Focus on the Heterogeneity of Family Business Branding Strategies. In E. Memili & C. Dibrell (Eds.), *The Palgrave Handbook of Heterogeneity among Family Firms* (pp. 909–932). Springer International Publishing. https://doi.org/10.1007/978-3-319-77676-7_33

Botero, I. C., Thomas, J., Graves, C., & Fediuk, T. A. (2013). Understanding multiple family firm identities: An exploration of the communicated identity in official websites. *Journal of Family Business Strategy*, *4*(1), 12–21. https://doi.org/10.1016/j.jfbs.2012.11.004

Calori, R., Lubatkin, M., Very, P., & Veiga, J. F. (1997). Modelling the Origins of Nationally-Bound Administrative Heritages: A Historical Institutional Analysis of French and British Firms. *Organization Science*, *8*(6), 681–696. https://doi.org/10.1287/orsc.8.6.681

Carrigan, M., & Buckley, J. (2008). 'What's so special about family business?' An exploratory study of UK and Irish consumer experiences of family businesses. *International Journal of Consumer Studies*, *32*(6), 656–666. https://doi.org/10.1111/j.1470-6431.2008.00696.x

Chrisman, J. J., & Patel, P. C. (2012). Variations in R&D Investments of Family and Nonfamily Firms: Behavioral Agency and Myopic Loss Aversion Perspectives. *Academy of Management Journal*, *55*(4), 976–997. https://doi.org/10.5465/amj.2011.0211

Chu, S., & Keh, H. T. (2006). Brand value creation: Analysis of the Interbrand-Business Week brand value rankings. *Marketing Letters*, *17*(4), 323–331. https://doi.org/10.1007/s11002-006-9407-6

Craig, J. B., Dibrell, C., & Davis, P. S. (2008). Leveraging Family-Based Brand Identity to Enhance Firm Competitiveness and Performance in Family Businesses. *Journal of Small Business Management*, *46*(3), 351–371. https://doi.org/10.1111/j.1540-627X.2008.00248.x

Dyer, W. G. (2018). Are Family Firms Really Better? Reexamining "Examining the 'Family Effect' on Firm Performance". *Family Business Review*, *31*(2), 240–248. https://doi.org/10.1177/0894486518776516

Fama, E. F., & Jensen, M. C. (1983). Separation of Ownership and Control. *The Journal of Law and Economics*, *26*(2), 301–325. https://doi.org/10.1086/467037

Farquhar, P. H. (1989). Managing brand equity. *Marketing Research*, *1*(3), 24–33.

Gómez-Mejía, L. R., Nunez-Nickel, M., & Gutierrez, I. (2001). THE ROLE OF FAMILY TIES IN AGENCY CONTRACTS. *Academy of Management Journal*, *44*(1), 81–95. https://doi.org/10.2307/3069338

Gómez-Mejía, L. R., Chirico, F., Martin, G., & Baù, M. (2023). *Best Among the Worst* or *Worst Among the Best* ? Socioemotional Wealth and Risk-Performance Returns for Family and Non-family Firms Under Financial Distress. *Entrepreneurship Theory and Practice*, *47*(4), 1031–1058. https://doi.org/10.1177/10422587211057420

Gómez-Mejía, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The Bind that Ties: Socioemotional Wealth Preservation in Family Firms. *Academy of Management Annals*, *5*(1), 653–707. https://doi.org/10.5465/19416520.2011.593320

Gómez-Mejía, L. R., Haynes, K. T., Núñez-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. https://doi.org/10.2189/asqu.52.1.106

Gómez-Mejía, L. R., Makri, M., & Kintana, M. L. (2010). Diversification Decisions in Family-Controlled Firms. *Journal of Management Studies*, *47*(2), 223–252. https://doi.org/10.1111/j.1467-6486.2009.00889.x

Habbershon, T. G., Williams, M., & MacMillan, I. C. (2003). A unified systems perspective of family firm performance. *Journal of Business Venturing*, *18*(4), 451–465. https://doi.org/10.1016/S0883-9026(03)00053-3

Habbershon, T. G., & Williams, M. L. (1999). A Resource-Based Framework for Assessing the Strategic Advantages of Family Firms. *Family Business Review*, *12*(1), 1–25. https://doi.org/10.1111/j.1741-6248.1999.00001.x

Haigh, D. (2010). New international standard on brand valuation. *Brand Finance plc*, 31–37.

Hoeffler, S., & Keller, K. L. (2003). The marketing advantages of strong brands. *Journal of Brand Management*, *10*(6), 421–445. https://doi.org/10.1057/palgrave.bm.2540139

Holderness, C. G., & Sheehan, D. P. (1988). The role of majority shareholders in publicly held corporations. *Journal of Financial Economics*, *20*, 317–346. https://doi.org/10.1016/0304-405X(88)90049-9

Hsu, F. J., Wang, T. Y., & Chen, M. Y. (2013). The Impact of Brand Value on Financial Performance. *Advances in Management & Applied Economics*, *3*(6), 129–141.

Jaskiewicz, P., Combs, J. G., Uhlenbruck, K., & Datta, A. (2023). Revisiting the impact of families on family firm performance. *European Management Review*, 1–23. https://doi.org/10.1111/emre.12606

Jaufenthaler, P. (2023). Beauty lies in the eye of the beholder: Consumers' and jobseekers' interpretations of the family business brand. *Journal of Product & Brand Management*, *32*(5), 697–712. https://doi.org/10.1108/JPBM-11-2021-3741

Jaufenthaler, P., Koll, O., Lude, M., & Prügl, R. (2023). Country Differences in Family Firm Reputation: An Exploration in Germany, India, and the United States. *Family Business Review*, *36*(4), 352–374. https://doi.org/10.1177/08944865231192339

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kashmiri, S., & Mahajan, V. (2014). A Rose by Any Other Name: Are Family Firms Named After Their Founding Families Rewarded More for Their New Product Introductions? *Journal of Business Ethics*, *124*(1), 81–99. https://doi.org/10.1007/s10551-013-1861-5

Keller, K. L. (1993). Conceptualizing, Measuring, and Managing Customer-Based Brand Equity. *Journal of Marketing*, *57*(1), 1–22. https://doi.org/10.1177/002224299305700101

Keller, K. L., & Lehmann, D. R. (2006). Brands and Branding: Research Findings and Future Priorities. *Marketing Science*, *25*(6), 740–759. https://doi.org/10.1287/mksc.1050.0153

Kellermanns, F. W., & Eddleston, K. A. (2006). Corporate Entrepreneurship in Family Firms: A Family Perspective. *Entrepreneurship Theory and Practice*, *30*(6), 809–830. https://doi.org/10.1111/j.1540-6520.2006.00153.x

Krappe, A., Goutas, L., & Von Schlippe, A. (2011). The "family business brand": An enquiry into the construction of the image of family businesses. *Journal of Family Business Management*, *1*(1), 37–46. https://doi.org/10.1108/20436231111122272

Kraus, S., Harms, R., & Fink, M. (2011). Family firm research: Sketching a research field. *International Journal of Entrepreneurship and Innovation Management*, *13*(1), 32–47. https://doi.org/10.1504/IJEIM.2011.038446

Kumar, P., & Zattoni, A. (2016). Institutional Environment and Corporate Governance. *Corporate Governance: An International Review*, *24*(2), 82–84. https://doi.org/10.1111/corg.12160

Liao, Q., Srinidhi, B., & Wang, K. (2023). Do Family Firms Issue More Readable Annual Reports? Evidence From the United States. *Journal of Accounting, Auditing & Finance*, 0148558X231198894. https://doi.org/10.1177/0148558X231198894

Lude, M., & Prügl, R. (2018). Why the family business brand matters: Brand authenticity and the family firm trust inference. *Journal of Business Research*, *89*, 121–134. https://doi.org/10.1016/j.jbusres.2018.03.040

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

Milton, L. P. (2008). Unleashing the Relationship Power of Family Firms: Identity Confirmation as a Catalyst for Performance. *Entrepreneurship Theory and Practice*, *32*(6), 1063–1081. https://doi.org/10.1111/j.1540-6520.2008.00273.x

Minichilli, A., Corbetta, G., & MacMillan, I. C. (2010). Top Management Teams in Family-Controlled Companies: 'Familiness', 'Faultlines', and Their Impact on Financial Performance. *Journal of Management Studies*, *47*(2), 205–222. https://doi.org/10.1111/j.1467-6486.2009.00888.x

Morck, R., Stangeland, D., & Yeung, B. (2000). Inherited Wealth, Corporate Control, and Economic Growth The Canadian Disease? In R. Morck (Ed.), *Concentrated Corporate Ownership* (pp. 319–372). University of Chicago Press. http://www.nber.org/chapters/c9014

Munari, F., Oriani, R., & Sobrero, M. (2010). The effects of owner identity and external governance systems on R&D investments: A study of Western European firms. *Research Policy*, *39*(8), 1093–1104. https://doi.org/10.1016/j.respol.2010.05.004

O'Boyle, E. H., Pollack, J. M., & Rutherford, M. W. (2012). Exploring the relation between family involvement and firms' financial performance: A meta-analysis of main and moderator effects. *Journal of Business Venturing*, *27*(1), 1–18. https://doi.org/10.1016/j.jbusvent.2011.09.002

Orth, U. R., & Green, M. T. (2009). Consumer loyalty to family versus non-family business: The roles of store image, trust and satisfaction. *Journal of Retailing and Consumer Services*, *16*(4), 248–259. https://doi.org/10.1016/j.jretconser.2008.12.002

Peterson, R. A., & Jeong, J. (2010). Exploring the impact of advertising and R&D expenditures on corporate brand value and firm-level financial performance. *Journal of the Academy of Marketing Science*, *38*(6), 677–690. https://doi.org/10.1007/s11747-010-0188-3

Pieper, T. M., Kellermanns, F. W., & Astrachan, J. H. (2021). Update 2021: Family businesses' contribution to the US economy. *Family Enterprise USA*, 1–29.

Roger, P., & Schatt, A. (2016). Idiosyncratic risk, private benefits, and the value of family firms. *Finance Research Letters*, *17*, 235–245. https://doi.org/10.1016/j.frl.2016.03.015

Sageder, M., Duller, C., & Mitter, C. (2015). REPUTATION OF FAMILY FIRMS FROM A CUSTOMER PERSPECTIVE. *International Journal of Business Research*, *15*(2), 13–24. https://doi.org/10.18374/IJBR-15-2.2

Santulli, R., Torchia, M., Calabrò, A., & Gallucci, C. (2019). Family ownership concentration and firm internationalization: Integrating principal-principal and socioemotional wealth perspectives. *Journal of International Entrepreneurship*, *17*(2), 220–248. https://doi.org/10.1007/s10843-019-00245-4

Schellong, M., Kraiczy, N. D., Malär, L., & Hack, A. (2019). Family Firm Brands, Perceptions of Doing Good, and Consumer Happiness. *Entrepreneurship Theory and Practice*, *43*(5), 921–946. https://doi.org/10.1177/1042258717754202

Seddon, J. (2010). Brand Valuation and IMC. In P. J. Kitchen (Ed.), *Integrated Brand Marketing and Measuring Returns* (pp. 9–57). Palgrave Macmillan UK. https://doi.org/10.1057/9780230297340_2

Sharma, P., Chrisman, J. J., & Chua, J. H. (1997). Strategic Management of the Family Business: Past Research and Future Challenges. *Family Business Review*, *10*(1), 1–35. https://doi.org/10.1111/j.1741-6248.1997.00001.x

Shleifer, A., & Vishny, R. W. (1997). A Survey of Corporate Governance. *The Journal of Finance*, *52*(2), 737–783. https://doi.org/10.1111/j.1540-6261.1997.tb04820.x

Sieger, P., Zellweger, T., Nason, R. S., & Clinton, E. (2011). Portfolio entrepreneurship in family firms: A resource-based perspective. *Strategic Entrepreneurship Journal*, *5*(4), 327–351. https://doi.org/10.1002/sej.120

Simon, C. J., & Sullivan, M. W. (1993). The Measurement and Determinants of Brand Equity: A Financial Approach. *Marketing Science*, *12*(1), 28–52. https://doi.org/10.1287/mksc.12.1.28

Srinidhi, B. N., He, S., & Firth, M. (2014). The Effect of Governance on Specialist Auditor Choice and Audit Fees in U.S. Family Firms. *The Accounting Review*, *89*(6), 2297–2329. https://doi.org/10.2308/accr-50840

Sundaramurthy, C., & Kreiner, G. E. (2008). Governing by Managing Identity Boundaries: The Case of Family Businesses. *Entrepreneurship Theory and Practice*, *32*(3), 415–436. https://doi.org/10.1111/j.1540-6520.2008.00234.x

Tagiuri, R., & Davis, J. (1996). Bivalent Attributes of the Family Firm. *Family Business Review*, *9*(2), 199–208. https://doi.org/10.1111/j.1741-6248.1996.00199.x

Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of Financial Economics*, *80*(2), 385–417. https://doi.org/10.1016/j.jfineco.2004.12.005

Wagner, D., Block, J. H., Miller, D., Schwens, C., & Xi, G. (2015). A meta-analysis of the financial performance of family firms: Another attempt. *Journal of Family Business Strategy*, *6*(1), 3–13. https://doi.org/10.1016/j.jfbs.2015.01.001

Waseemullah, A., & Hasan, A. (2017). Family Ownership, Excess Control and Firm Performance: A Focus on the Family Firms in Pakistan. *Paradigms: Lahore*, *11*(2), 141–150.

Zang, X. (1999). Research Note: Personalism and Corporate Networks in Singapore. *Organization Studies*, *20*(5), 861–877. https://doi.org/10.1177/0170840699205007

Zanon, J., Scholl-Grissemann, U., Kallmuenzer, A., Kleinhansl, N., & Peters, M. (2019). How promoting a family firm image affects customer perception in the age of social media. *Journal of Family Business Strategy*, *10*(1), 28–37. https://doi.org/10.1016/j.jfbs.2019.01.007

Zellweger, T. M., Kellermanns, F. W., Chrisman, J. J., & Chua, J. H. (2012). Family Control and Family Firm Valuation by Family CEOs: The Importance of Intentions for Transgenerational Control. *Organization Science*, *23*(3), 851–868. https://doi.org/10.1287/orsc.1110.0665

Appendix

A. Interbrand's Brand Value

We use Interbrand as our metric to measure brand equity. Interbrand plays a crucial role in brand research and offers a coherent and reliable approach to brand valuation (Chu & Keh, 2006; Hsu et al., 2013). Founded in 1974, Interbrand is the first company to receive ISO 10668 certification. To be ISO 10668 certified, the methodology must consider financial, legal, and behavioral science aspects (Haigh, 2010). Interbrand estimates the value of each brand based on discounted projected profits, financial strength, and the brand's influence on consumers' purchasing decisions. This method assesses a brand's future potential and comprises ten factors in the following components: (1) Financial analysis, which measures the overall financial return to investors. (2) Role of the brand, which assesses product purchase drivers such as price, convenience, and product features. (3) Brand strength, which measures the ability to foster loyalty (source: www.interbrand.com). Interbrand's method considers multiple criteria to determine the brand's value, assessing not only the past performance but also the potential for future performance.

Table A1: Companies In Our Sample (alphabetical order)

3M CO	JOHNSON & JOHNSON
ACCENTURE PLC	KELLOGG CO
ADOBE SYSTEMS INC	KIMBERLY-CLARK CORP
AMAZON.COM INC	MARRIOTT INTL INC
AMERICAN EXPRESS CO	MASTERCARD INC
AMERICAN INTERNATIONAL GROUP	MATTEL INC
APPLE INC	MCDONALD'S CORP
AT&T INC	MERCK & CO
AVON PRODUCTS	MERRILL LYNCH & CO INC
BLACKBERRY LTD	MICROSOFT CORP
BOEING CO	MORGAN STANLEY
BROWN-FORMAN CORP	MOTOROLA SOLUTIONS INC
CAMPBELL SOUP CO	NETFLIX INC
CATERPILLAR INC	NIKE INC -CL B
CISCO SYSTEMS INC	ORACLE CORP
CITIGROUP INC	PAYPAL HOLDINGS INC
COCA-COLA CO	PEPSICO INC
COLGATE-PALMOLIVE CO	PFIZER INC
DEERE & CO	PHILIP MORRIS INTERNATIONAL
DISNEY (WALT) CO	PROCTER & GAMBLE CO
DISCOVERY COMMUNICATIONS, INC	RALPH LAUREN CORP
EASTMAN KODAK CO	SALESFORCE.COM INC
EBAY INC	STARBUCKS CORP
EXXON MOBIL CORP	SUN MICROSYSTEMS INC
FACEBOOK INC	TESLA INC
FORD MOTOR CO	THOMSON REUTERS CORP
GAP INC	TIFFANY & CO
GENERAL ELECTRIC CO	THOMSON REUTERS PLC
GOLDMAN SACHS GROUP INC	UNITED PARCEL SERVICE INC
GOOGLE INC	VIACOM INC
GENERAL MOTORS	VISA INC
HARLEY-DAVIDSON INC	WRIGLEY (WM) JR CO
HEWLETT-PACKARD CO	YAHOO INC
INTEL CORP	YUM BRANDS INC
INTL BUSINESS MACHINES CORP	

Table A2: Variable Definitions

Variable	Definition
Family Variables	
Family dummy	An indicator variable that takes the value of one if family ties (most often going back a generation or two to the founder) play a key role in both the firm's voting rights (>=20 percent) and board membership; zero otherwise.
Founder_CEO	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) a founder serves as the CEO of the firm; zero otherwise.
Non-founder_CEO	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) the CEO of the firm is not a founder; zero otherwise.
Founder_chairman	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) a founder serves as the chairman of the firm; zero otherwise.
Non-founder_chairman	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) the chairman of the firm is not a founder; zero otherwise.
Powerful_founder	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) a founder serves as the CEO, the chairman of the board of directors, or a nominating committee member; zero otherwise.
Non-powerful_founder	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) no founder serves as the CEO, the chairman of the board of directors, or a nominating committee member; zero otherwise.
Eponymous	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) family name is part of a company name, zero otherwise.
Non-eponymous	An indicator variable that takes the value of one if (i) the Family dummy variable is equal to one, and (ii) family name is not part of a company name, zero otherwise.
Firm Characteristics	
Gindex	The corporate governance index. A higher Gindex suggests better corporate governance.
PCT of experts	The fraction of financial or accounting experts who serve on the audit committee.
Firm size	The natural logarithm of book value of assets.
Firm age	The number of complete years since the firm's first appearance in the COMPUSTAT financial file.
ROA	Net income divided by total assets.
Market-to-book	The sum of market value of equity and book value debt divided by book value of total assets.
R&D/Sale	The research and development expense divided by total sales.
Adv. expense/Sale	The advertising expense divided by total sales.
Inst. ownership	The fraction of a firm's outstanding shares owned by institutional investors.