

**A SPECIAL ISSUE**  
**“THE ECONOMIC ADVANTAGES OF FAMILY FIRMS”**  
**of**  
**THE PACIFIC-BASIN FINANCE JOURNAL**



We are planning a special issue of *the Pacific-Basin Finance Journal* devoted to studies related to family business groups and family firms where business groups are defined as two or more public firms that are partially owned and controlled by a single family. We are especially encouraging studies focused on the Asia/Pacific region, including China, Japan, Korea, South East Asia and the Indian subcontinent. While family control of public and private firms accounts for well-over 70% of the global economy, it tends to be even more important in much of the Asia Pacific area. In India, for instance, family firms generate 85% of industrial output, while the top 10 families alone control over 50% of the market capitalization of Indonesian firms. In contrast, widely held firms often comprise less than 10% of the market in Asian markets. Nevertheless, the economic impacts of business groups are very poorly understood. However, given their economic importance in Asia, it provides an ideal laboratory for the further study of business groups.

Another noteworthy aspect of studying business groups in Asia is that Asian economies exhibit high economic growth and rapid innovation. However, we have no clear understanding of how family business groups influence these outcomes. While a newly emerging literature has intensively explored various determinants and consequences of firm innovation using US data, we know little about these issues outside the US, especially for Asian economies where family firms are much more dominant. We especially know little about how family business groups accelerate or slow this innovation process. Another potential benefit of studying innovation in Asia is that detailed patent data is available for 7 major Asian economies, including Japan, China, Korea, Taiwan, and India.

Another unique aspect of Asian family business groups is the particular nature of the counter-factual non-family firm, which tend to be state linked or multi-national corporate subsidiaries. For example, state linked firms and subsidiaries of multi-nationals account for one-fourth of the market capitalization in the Thailand and Malaysian stock markets. This distribution of firm types is very different from more developed economies where diffusely held firms are more common. One consequence of this difference is that it completely changes the terms of comparisons with family held firms.

**Potential Research Topics include but not limited to:**

- The competitive advantages and disadvantages of family firms
- The impacts of family firms on manager-shareholder conflicts of interest
- Controller-minority investor agency problems
- The political influence of family firms and their effects on government tax and fiscal policies
- Regulatory induced barriers to entry
- Mandatory corporate disclosure rules
- Securities regulation and minority investor protections
- The legal acceptance of various control preserving devices.

The effects of family firms on the agency conflicts of management selection, professional management development, and their influence on financing of R&D and innovation activities more generally, the influence of family firms on accounting quality and the effects of financial accounting on innovation activities are other important topics. The impacts of controller risk aversion and its effects on R&D investment and the benefits of pyramidal business groups for financing risky investments are other key questions. "Asset pricing" studies of innovation could also include an analysis of the linkages between economic growth and macroeconomic conditions necessary to support successful innovation by family firms.

Country specific studies can offer strong quasi-natural experiments and the opportunity for some interesting difference-in-difference and discontinuity design regression analyses. Country-specific and cross-country studies can also offer strikingly distinct legal and regulatory environments as well as very different political and economic systems. Other possible studies include the effects on family firms of privatizations of competing firms, the effects of trade and capital market liberalizations, and other exogenous shocks such as tax policy changes and the passage or enforcement of environment regulations or anti-bribery laws. These events can provide some very clear evidence of causal effects.

#### **Guest Editors:**

Ronald W. Masulis, University of New South Wales  
David M. Reeb, National University of Singapore  
Xuan Tian, Indiana University and Tsinghua University

#### **Submissions guidelines:**

- Go to the Journal website <http://ees.elsevier.com/pbfj>
- Log into the EES, as per a normal submission to PBFJ
- In response to the opening screen asking you to "select article type", select the option: "Family Firm Special Issue"
- Complete all remaining requested information on EES as per a normal PBFJ manuscript submission

#### **Other Important Information:**

- Submission Deadline for the special issue: **January 1, 2017**
- Standard PBFJ **submission fee** is required since all manuscripts are subject to the Journal's normal review process.
- The acceptance deadline (the date by which all manuscripts should be fully reviewed and final decisions made on all manuscripts; and those failing to meet the deadline may be excluded): **July 1, 2017**
- The expected publication date (the date the Special Issue is expected to be published): **November 2017**