

Web Appendix

Family Firms and Labor Relations

by

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Table 1a
Ownership Data

Variable	Code	Sample Used	Number of Firms	Fraction of Total Market	Fraction of Firms	Fraction of Medium-	Fraction of Value of Top	Fraction of Top 20	Principal Component of Family Control
				Capitalization Controlled by Top 5 Families	Controlled by Families	Sized Firms Controlled by Families	20 Firms Controlled by Families	Firms Controlled by Families	
Data Source				FL & CDL	FL & CDL	LLS	LLS	LLS	
Australia	AUS	LLS	20	.	.	0.50	0.12	0.05	-0.03
Austria	AUT	FL	99	0.16	0.53	0.17	0.06	0.15	-0.10
Belgium	BEL	FL	130	0.20	0.52	0.40	0.41	0.50	0.20
Canada	CAN	LLS	20	.	.	0.30	0.28	0.25	-0.17
Denmark	DNK	LLS	20	.	.	0.40	0.32	0.35	0.01
Finland	FIN	FL	129	0.14	0.49	0.20	0.06	0.10	-0.40
France	FRA	FL	607	0.22	0.65	0.50	0.26	0.20	0.94
Germany	GER	FL	704	0.16	0.65	0.40	0.08	0.10	0.45
Greece	GRE	LLS	20	.	.	1.00	0.47	0.50	1.70
Hong Kong	HKG	CDL	330	0.26	0.67	0.90	0.63	0.70	1.24
Indonesia	IDN	CDL	178	0.41	0.72	.	.	.	2.52
Ireland	IRL	FL	69	0.12	0.25	0.13	0.04	0.10	-1.67
Israel	ISR	LLS	20	.	.	0.60	0.31	0.50	0.08
Italy	ITA	FL	208	0.17	0.60	0.60	0.14	0.15	0.30
Japan	JPN	CDL	1240	0.02	0.10	0.10	0.03	0.05	-2.96
Korea	KOR	CDL	345	0.30	0.48	0.50	0.22	0.20	1.65
Malaysia	MAL	CDL	238	0.17	0.67	.	.	.	0.24
Netherlands	NLD	LLS	20	.	.	0.20	0.06	0.20	-1.29
New Zealand	NZL	LLS	20	.	.	0.29	0.15	0.25	-0.78
Norway	NOR	FL	155	0.16	0.39	0.40	0.13	0.25	-0.72
Philippines	PHI	CDL	120	0.43	0.45	.	.	.	1.46
Portugal	PRT	FL	87	0.25	0.60	0.50	0.38	0.45	0.92
Singapore	SGP	CDL	221	0.20	0.55	0.40	0.15	0.30	0.16
Spain	ESP	FL	632	0.07	0.56	0.30	0.17	0.15	-0.61
Sweden	SWE	FL	245	0.09	0.47	0.60	0.35	0.45	-0.85
Switzerland	SWI	FL	214	0.24	0.48	0.50	0.29	0.30	0.34
Taiwan	TWN	CDL	141	0.15	0.48	.	.	.	0.40
Thailand	THA	CDL	167	0.32	0.62	.	.	.	1.32
United Kingdom	UK	FL	1953	0.04	0.24	0.40	0.00	0.00	-2.30
United States	USA	GLY	3607	.	0.20	0.10	0.18	0.20	-2.04

Notes: 'CDL' is Claessens, Djankov, and Lang (2000); 'FL' is Faccio and Lang (2002); 'LLS' is La Porta, Lopez-de-Silanes, and Shleifer (1999); 'GLY' is Gadhoun, Lang, and Young (2005). 'Principal Component' is the first principal component of columns 5 and 6 (the two 'FL & CDL' columns). For Australia, Canada, Denmark, Greece, Israel, Netherlands, and New Zealand, predicted values based on LLS have been used to account for the missing entries in the two 'FL & CDL' columns. See Section 3.1 for details.

Table 1b
Labor Relations Data

Variable	Labor/employer relations are generally cooperative			Strikes are rare and always quickly resolved with minimum economic losses	The collective bargaining power of workers is high	Labor relations are generally ... (hostile, productive)	
Data Source	GCR 1993	GCR 1999	GCR 2003	GCR 1999	GCR 1999	IMD 1999	IMD 2003
Australia	4.4	4.3	4.5	4.1	4.9	5.8	7.0
Austria	6.0	6.1	5.7	7.0	5.5	7.6	7.7
Belgium	4.5	4.4	4.2	4.1	5.2	5.2	5.5
Canada	4.4	4.8	4.9	4.5	4.6	6.1	6.6
Denmark	6.1	6.0	6.0	5.6	5.0	7.7	7.4
Finland	5.5	5.4	5.5	5.0	6.0	7.1	7.6
France	3.3	3.3	3.5	3.2	4.4	4.4	4.3
Germany	5.3	5.3	4.7	5.6	5.3	7.0	5.6
Greece	4.4	3.9	4.1	3.1	4.3	4.8	5.6
Hong Kong	5.7	5.8	5.8	6.3	2.8	7.3	7.5
Indonesia	4.5	4.8	3.7	3.3	3.6	5.0	3.6
Ireland	5.2	5.2	5.0	5.3	4.8	7.1	7.6
Israel	5.0	4.7	4.3	3.7	5.0	6.5	6.1
Italy	4.3	4.2	3.8	3.6	4.6	5.0	4.8
Japan	6.0	6.1	5.4	6.2	4.2	7.7	7.6
Korea	3.9	3.9	3.6	3.3	4.6	3.6	3.6
Malaysia	5.3	5.7	5.6	6.2	4.2	7.3	7.3
Netherlands	5.9	5.9	5.8	5.9	5.2	7.7	7.4
New Zealand	5.4	5.6	4.7	5.8	3.6	7.7	6.9
Norway	5.7	5.7	4.9	4.7	5.7	7.4	7.4
Philippines	4.4	4.3	3.7	3.7	4.7	6.0	5.1
Portugal	4.8	5.0	4.4	4.9	3.8	6.3	5.3
Singapore	6.3	6.5	6.3	6.8	4.2	8.9	8.6
Spain	4.5	4.5	4.3	4.8	4.6	5.7	5.5
Sweden	5.8	5.9	5.8	5.2	5.8	7.4	7.1
Switzerland	6.1	6.4	6.1	6.7	3.4	8.0	8.2
Taiwan	5.3	5.6	5.5	5.9	3.7	6.9	7.1
Thailand	4.9	5.2	5.4	5.0	3.7	6.2	6.5
United Kingdom	5.5	5.1	5.0	5.6	3.5	6.9	6.7
United States	5.1	5.0	5.2	5.1	4.1	6.2	6.4

Notes: 'GCR' is Global Competitiveness Report; 'IMD' is World Competitiveness Yearbook. The scale for GCR is from 1 (strongly disagree) to 7 (strongly agree). The corresponding scale for IMD is from 1 to 10.

Table 2
Correlation Matrices

Family Ownership in Asia. N = 9, CDL (2000)

Fraction of Total Market Capitalization Controlled by Top 5 Families	1.00	
Fraction of Firms Controlled by Families	0.58	1.00

Family Ownership in Europe. N = 13, FL (2002)

Fraction of Total Market Capitalization Controlled by Top 5 Families	1.00	
Fraction of Firms Controlled by Families	0.54	1.00

Family Ownership in Developed Countries. N = 25, LLS (1999)

Fraction of Medium-Sized Firms Controlled by Families	1.00		
Fraction of Value of Top 20 Firms Controlled by Families	0.75*	1.00	
Fraction of Top 20 Firms Controlled by Families	0.67*	0.93*	1.00

Survey Measures of Labor Relations and Workers' Bargaining Power. N = 30

Cooperative Labor Relations (GCR 1993)	1						
Cooperative Labor Relations (GCR 1999)	0.97*	1					
Cooperative Labor Relations (GCR 2003)	0.89*	0.90*	1				
Strikes Are Rare and Quickly Resolved (GCR 1999)	0.86*	0.91*	0.88*	1			
Collective Bargaining Power of Workers (GCR 1999)	0.05	-0.03	-0.01	-0.16	1		
Cooperative Labor Relations (IMD 1999)	0.94*	0.94*	0.87*	0.88*	0.02	1	
Cooperative Labor Relations (IMD 2003)	0.85*	0.83*	0.91*	0.82*	0.06	0.90*	1

Survey Measures of Labor Relations and Social Capital. N = 26-30

Cooperative Labor Relations (IMD 2003)	1						
General Trust (WVS 2000)	0.39*	1					
Importance of Family (WVS 2000)	-0.25	-0.16	1				
Confidence in Major Companies (WVS 2000)	0.07	0.18	0.33	1			
Trust in Politicians (GCR 1999)	0.68*	0.47*	-0.32	0.2	1		
Trust in Judiciary (GCR 1999)	0.64*	0.43*	-0.31	0.09	0.78*	1	
Trust in Management (IMD 2003)	0.74*	0.3	-0.26	0.2	0.6*	0.52*	1

Table 3
Family Ownership across Industries and Countries: Summary Statistics

Variable	(i) Labor Share	(ii) Number of Firms	(iii) Fraction of Firms Controlled by Families (All Firms)	(iv) Fraction of Firms Controlled by Families (Average of Country Means)
Mining, Oil, and Gas	0.39	126	0.41	0.53
Construction	0.89	174	0.41	0.45
Food	0.57	209	0.59	0.63
Wood, Lumber, and Paper	0.68	140	0.56	0.63
Printing and Publishing	0.76	88	0.58	0.66
Chemicals	0.55	168	0.49	0.43
Rubber, Plastics, Stone, Glass, and Concrete	0.79	182	0.60	0.67
Primary Metals	0.76	91	0.45	0.39
Fabricated Metals	0.71	107	0.43	0.43
Industrial, Commercial Machinery, and Computer Equipment	0.79	234	0.51	0.49
Electronic, Electrical, and Measuring Equipment	0.70	240	0.48	0.47
Transportation Equipment	0.81	121	0.48	0.55
Miscellaneous Manufacturing	0.65	190	0.60	0.74
Transportation Services	0.76	167	0.52	0.53
Communication and Entertainment	0.46	117	0.42	0.46
Electric, Gas, and Sanitary Services	0.35	140	0.35	0.30
Wholesale and Retail Trade	0.78	573	0.46	0.61
Finance, Insurance, and Real Estate	0.43	1023	0.32	0.38
Miscellaneous Business Services	0.72	289	0.45	0.53

Notes: 'Labor Share' is computed as $v_l/(v_l+v_k)$, where v_l and v_k denote the values of labor inputs and capital services, respectively, for the United States in 1995. See Jorgenson and Stiroh (2000) for a description of the data. The sample is based on the 5,232 firms and 13 Western European countries from Paccio and Lang (2002). For 853 firms the industry classification is unavailable, reducing the final sample to 4,379 firms.