

Owner-management and Productivity: Evidence from Italian firms

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Using Total Factor Productivity (TFP) as a measure of corporate performance, this study compares the performance of owner management to that of firms run by professional managers over the period 2004-2006. We find that Italian family run firms are less productive than firms run by professional managers, but the difference between the two is small. We control for some sources of heterogeneity and potential endogeneity of management regime. Our results support the idea that in Italy there is no genuine process of manager selection both for family and non-family firms. Moreover, the lack of separation between ownership and control, characteristics of the Italian market, induces tight control on management which may constrain the initiative of a professional manager and offset the potential positive effects.

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