ABSTRACT/INTRO

The paper aims at evaluating the impact (if any) of family law on family business. While there is a growing and large body of empirical literature that investigates the influence of institutions on family firms, very little has been analyzed on the influence of family law on family business. Because family law and its enforcement define formal-legal ties among members of a family, we believe it affects the protection of corporate ownership and the performance of family firms.

Family law refers to norms governing the relations and defining bonds among members of the family, i.e. between partners (marriage/divorce norms), between parents and children (filiation norms), even *post-mortem* (e.g. inheritance law). These ties, as enforced by family law, contribute to define a more traditional (vs. more liberal) conception of family in a given community. The traditional family consists of two matured parents of opposite sex, who live in a union (marriage) recognized by the society, reside together in the same house (i.e. conjugal house), and rear inside-marriage children.

Our hypothesis is that the concept of family, as resulting of legal ties defined by family law, shapes the set of safeguards concerning the corporate ownership in a family firm. While the “traditional” family law and the resulting traditional conception of family favor protection of family wealth and business, the liberal family law and its resulting conception of family favor the protection of individual financial wealth. For this reason, we test if a community with a traditional concept of family combines with greater restrictions to individual freedom, with stronger family-bonds and with corporate arrangements more supporting family-based ownership (relatively to a community with a liberal concept of family).

The first novelty of our paper is that it analyses an extended number of issues of family law (e.g. Ellul *et al.* (2010) focuses only on inheritance rules). This extension allows us to understand the relative role ofinheritance rules (with respect to other aspects of family law) in affecting governance and performance offamily firms. Moreover, while the research is well developed in analyzing informal dimensions of the family(e.g. Alesina & Giuliano (2010), Bertrand & Schoar (2006)), the influence of formal-legal family binds onthe family business is very little explored. Our investigation on legal-formal ties offers the opportunity foradvancing policies and for assessing effects of legal reforms.