

Family ownership and regional patenting

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Parole chiave: firm ownership; family firms; region; selection bias; market for corporate control;
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The literature on firm ownership and innovation indicates a positive association between the local density of family firms and the regional innovation performance. We argue that this evidence neglects the bias arising from the selection of innovative firms into the family ownership, as the probability to keep the firm in the family strongly depends on firm performance. Using a new empirical strategy in a sample of 180 European regions, the influence of family firm density on regional patenting turns from positive to negative.