

Robustness 1 – Four measures of family control.

Distressed firms	Model 1	Model 2	Model 3	Model 4
Slack	-0.07*** (0.01)	-0.07*** (0.01)	-0.07*** (0.01)	-0.07*** (0.01)
Dynamism	-0.96*** (0.25)	-0.97*** (0.25)	-0.97*** (0.25)	-0.97*** (0.25)
Munificence	0.17+ (0.09)	0.17+ (0.09)	0.16+ (0.09)	0.17+ (0.09)
Risk	-1.07*** (0.04)	-1.07*** (0.04)	-1.08*** (0.04)	-1.07*** (0.04)
Family owners percentage	0.05* (0.02)			
Family owners % × Risk	0.26*** (0.08)			
Family managers percentage		0.06* (0.02)		
Family managers % × Risk		0.29*** (0.08)		
Family CEO			0.03 (0.02)	
Family CEO × Risk			0.32*** (0.08)	
Generational involvement				0.04* (0.02)
Generational involvement × Risk				0.21*** (0.06)
Endogeneity score	1.75*** (0.12)	1.74*** (0.12)	1.77*** (0.12)	1.73*** (0.12)
Nondistressed firms	Model 5	Model 6	Model 7	Model 8
Slack	0.07*** (0.00)	0.07*** (0.00)	0.07*** (0.00)	0.07*** (0.00)
Dynamism	-0.95*** (0.14)	-0.95*** (0.14)	-0.95*** (0.14)	-0.94*** (0.14)
Munificence	-0.42*** (0.09)	-0.42*** (0.09)	-0.42*** (0.09)	-0.42*** (0.09)
Risk	0.41*** (0.04)	0.41*** (0.03)	0.39*** (0.03)	0.41*** (0.03)
Family owners percentage	-0.04* (0.02)			
Family owners % × Risk	-0.13+ (0.07)			
Family managers percentage		-0.04** (0.02)		
Family managers % × Risk		-0.13+ (0.07)		
Family CEO			-0.02 (0.02)	
Family CEO × Risk			-0.06 (0.08)	
Generational involvement				-0.05*** (0.01)
Generational involvement × Risk				-0.12* (0.05)
Endogeneity score	1.86*** (0.08)	1.86*** (0.08)	1.82*** (0.08)	1.89*** (0.08)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 2a – Historical performance.

	Model 1	Model 2
	Hist. perf. low	Hist. perf. high
Slack	-0.92*** (0.04)	1.18*** (0.05)
Dynamism	4.40** (1.35)	-4.38** (1.54)
Munificence	1.59* (0.73)	0.12 (0.81)
Family firm (dummy)	1.37*** (0.14)	-1.42*** (0.15)
Risk	-12.35*** (0.32)	11.59*** (0.33)
Family firm × Risk	1.20+ (0.64)	-0.87 (0.65)
Endogeneity score	14.15*** (0.70)	-16.49*** (0.76)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 2b – Social performance.

	Model 1	Model 2
	Social perf. low	Social perf. high
Slack	-1.24*** (0.03)	0.28*** (0.04)
Dynamism	1.51 (1.21)	1.32 (0.93)
Munificence	0.84 (0.65)	-1.74** (0.54)
Family firm (dummy)	0.92*** (0.12)	-1.22*** (0.11)
Risk	-10.15*** (0.26)	10.65*** (0.24)
Family firm × Risk	1.77*** (0.53)	0.74 (0.49)
Endogeneity score	10.85*** (0.61)	-12.65*** (0.51)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 3 – ROA split.

	Model 1	Model 2
	ROA low	ROA high
Slack	-0.04*** (0.01)	0.08*** (0.01)
Dynamism	-0.83*** (0.24)	0.03 (0.18)
Munificence	0.65*** (0.12)	-0.06 (0.11)
Family firm (dummy)	-0.06* (0.02)	-0.08*** (0.02)
Risk	-1.20*** (0.05)	-0.37*** (0.05)
Family firm × Risk	0.24* (0.10)	-0.20* (0.10)
Endogeneity score	3.02*** (0.11)	0.95*** (0.11)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 4 – Three-ways interaction with ROA split.

	Model 1	Model 2	Model 3	Model 4
Slack	0.02** (0.00)	0.01** (0.00)	0.01** (0.00)	0.01** (0.00)
Dynamism	-0.50** (0.15)	-0.32* (0.15)	-0.32* (0.15)	-0.32* (0.15)
Munificence	0.84*** (0.09)	0.32*** (0.08)	0.32*** (0.08)	0.33*** (0.08)
Family firm (dummy)		-0.07*** (0.01)	-0.07*** (0.02)	-0.04+ (0.02)
Risk		-0.81*** (0.03)	-0.81*** (0.04)	-1.27*** (0.05)
ROA split		1.26*** (0.01)	1.26*** (0.01)	1.11*** (0.02)
Family firm × Risk			0.00 (0.07)	0.22* (0.10)
Family firm × ROA split				-0.06+ (0.03)
Risk × ROA split				0.98*** (0.07)
Family firm × Risk × ROA split				-0.41** (0.14)
Endogeneity score	1.96*** (0.08)	2.03*** (0.08)	2.03*** (0.08)	2.02*** (0.08)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 5 – Founder's firms excluded.

	Model 1	Model 2
	Distressed firms	Nondistressed firms
Slack	-0.07*** (0.01)	0.05*** (0.01)
Dynamism	-0.33 (0.31)	-0.88*** (0.17)
Munificence	0.21+ (0.11)	-0.37*** (0.10)
Family firm (dummy)	0.03 (0.03)	-0.04* (0.02)
Risk	-1.19*** (0.05)	0.47*** (0.04)
Family firm × Risk	0.33*** (0.09)	-0.12 ¹ (0.09)
Endogeneity score	1.84*** (0.15)	1.64*** (0.09)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 6 – Exited firms excluded.

	Model 1	Model 2
	Distressed firms	Nondistressed firms
Slack	-0.06*** (0.01)	0.06*** (0.01)
Dynamism	-0.91*** (0.27)	-1.04*** (0.17)
Munificence	0.19* (0.09)	-0.63*** (0.10)
Family firm (dummy)	0.00 (0.02)	-0.07*** (0.02)
Risk	-0.90*** (0.04)	0.34*** (0.04)
Family firm × Risk	0.24** (0.08)	-0.18* (0.08)
Endogeneity score	1.55*** (0.12)	1.77*** (0.09)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

¹ When considering the Family firm (continuous) measure, this coefficient is significant at $p < 0.10$.

Robustness 7 – Wider cutoff point of Altman Z-score (below 3).

	Model 1	Model 2
	Distressed firms	Nondistressed firms
Slack	-0.06*** (0.00)	0.08*** (0.00)
Dynamism	0.21 (0.14)	-1.18*** (0.15)
Munificence	0.76*** (0.06)	-0.90*** (0.10)
Family firm (dummy)	-0.02 (0.01)	-0.03+ (0.02)
Risk	-1.21*** (0.03)	0.75*** (0.04)
Family firm × Risk	0.27*** (0.05)	-0.06 (0.08)
Endogeneity score	0.85*** (0.07)	3.09*** (0.08)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 8 – Baron and Kenny’s (1986) multistage method.

Distressed firms	Model 1	Model 2	Model 3	Model 4
	Performance	Risk	Performance	Performance
Slack	-0.08*** (0.00)	0.00*** (0.00)	-0.07*** (0.00)	-0.07*** (0.00)
Dynamism	-1.38*** (0.06)	0.41*** (0.05)	-0.97*** (0.05)	-0.97*** (0.06)
Munificence	0.08 (0.04)	0.09+ (0.04)	0.17*** (0.02)	0.17*** (0.02)
Risk			-1.01*** (0.09)	-1.07*** (0.11)
Family firm (dummy)	0.13** (0.02)	-0.02*** (0.00)	0.11** (0.01)	0.05** (0.01)
Family firm (dummy) × Risk				0.25+ ² (0.12)
Endogeneity score	2.16*** (0.15)	-0.42*** (0.02)	1.74*** (0.17)	1.75*** (0.17)

Nondistressed firms	Model 1	Model 2	Model 3	Model 4
	Performance	Risk	Performance	Performance
Slack	0.07*** (0.00)	0.00*** (0.00)	0.07*** (0.00)	0.07*** (0.00)
Dynamism	-0.88*** (0.06)	0.17*** (0.00)	-0.94*** (0.06)	-0.94*** (0.06)
Munificence	-0.46*** (0.07)	-0.10*** (0.01)	-0.42*** (0.06)	-0.42*** (0.06)
Risk			0.38*** (0.04)	0.40*** (0.05)
Family firm (dummy)	-0.08*** (0.01)	-0.02*** (0.00)	-0.07*** (0.01)	-0.05*** (0.00)
Family firm (dummy) × Risk				-0.10* (0.04)
Endogeneity score	1.74*** (0.26)	-0.35*** (0.02)	1.87*** (0.24)	1.87*** (0.24)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

² When considering the Family firm (continuous) measure, this coefficient is significant at $p < 0.05$.

Robustness 9 – Analysis without matching.

	Model 1	Model 2
	Distressed firms	Nondistressed firms
Slack	-0.07*** (0.01)	0.04*** (0.00)
Dynamism	0.16 (0.25)	0.03 (0.14)
Munificence	0.45*** (0.12)	-1.15*** (0.09)
Family firm (dummy)	-0.01 (0.02)	-0.01 (0.02)
Risk	-1.05*** (0.03)	0.68*** (0.03)
Family firm × Risk	0.46*** (0.08)	-0.31*** (0.07)
Firm Age	0.01*** (0.00)	-0.00** (0.00)
Firm size (employees)	0.00*** (0.00)	-0.00* (0.00)
Founder	0.04** (0.01)	-0.04*** (0.01)
Industry (fixed effect)	✓	✓
Year (fixed effect)	✓	✓
Endogeneity score	0.89*** (0.12)	2.14*** (0.08)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Robustness 10 – Analysis with a coarser matching (without #0).

	Model 1	Model 2
	Distressed firms	Nondistressed firms
Slack	-0.07*** (0.01)	0.04*** (0.00)
Dynamism	-0.61** (0.22)	-0.97*** (0.12)
Munificence	0.21* (0.08)	-0.57*** (0.07)
Family firm (dummy)	0.06** (0.02)	-0.06*** (0.01)
Risk	-1.19*** (0.03)	0.51*** (0.03)
Family firm × Risk	0.36*** (0.07)	-0.29*** (0.07)
Endogeneity score	1.52*** (0.09)	1.54*** (0.06)

Note: coefficients reported. Standard errors are in parentheses. + $p < 0.1$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Descriptive Statistics and Correlations for Distressed Firms.

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1 Performance (Altman's Z-score)	0.93	1.19	1.00									
2 Risk	0.23	0.20	-0.19	1.00								
3 Family firm (dummy)	0.26	0.44	0.06	-0.06	1.00							
4 Family firm (continuous)	0.00	3.82	0.06	-0.07	0.99	1.00						
5 Slack	0.03	1.13	-0.07	0.01	-0.01	-0.01	1.00					
6 Dynamism	1.02	0.03	-0.02	0.04	0.00	0.00	0.02	1.00				
7 Munificence	0.98	0.07	0.04	-0.00	-0.02	-0.01	0.02	-0.01	1.00			
8 Firm age	7.97	5.19	0.09	-0.09	0.07	0.07	-0.06	-0.07	-0.03	1.00		
9 Firm size	7.40	8.14	0.06	-0.07	0.13	0.12	0.05	0.08	0.07	-0.11	1.00	
10 Founder	0.34	0.47	-0.03	0.05	-0.00	-0.00	0.02	0.02	0.01	-0.44	0.06	1.00

Correlations with values of $|\cdot| \geq 0.01$ or greater are significant at $p < 0.05$

Descriptive Statistics and Correlations for Nondistressed Firms.

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1 Performance (Altman's Z-score)	4.37	1.90	1.00									
2 Risk	0.19	0.14	0.02	1.00								
3 Family firm (dummy)	0.26	0.44	-0.01	-0.07	1.00							
4 Family firm (continuous)	0.00	3.83	-0.01	-0.07	0.99	1.00						
5 Slack	-0.02	0.97	0.04	0.01	-0.01	-0.01	1.00					
6 Dynamism	1.02	0.03	-0.01	0.03	0.02	0.02	0.01	1.00				
7 Munificence	0.99	0.05	0.00	-0.08	0.02	0.02	0.03	-0.05	1.00			
8 Firm age	8.78	5.31	-0.02	-0.16	0.09	0.09	-0.05	-0.02	0.03	1.00		
9 Firm size	8.35	9.49	-0.01	-0.07	0.12	0.12	0.05	0.06	0.05	-0.10	1.00	
10 Founder	0.28	0.45	0.01	0.08	-0.02	-0.02	0.03	-0.00	0.00	-0.43	0.02	1.00

Correlations with values of $|\cdot| \geq 0.01$ or greater are significant at $p < 0.05$