

Does Family Involvement in Ownership Affect Profitability and Value of Egyptian Corporations?

Kairy Elgiziry ^a · Amr Ahmed Moussa ^{a,*}

^a Faculty of Commerce, Cairo University, Giza, Egypt

* *Corresponding author*: Amrelnahas@foc.cu.edu.eg

Abstract

This study aimed to investigate the effect of family involvement in ownership (FIO) on profitability and value based on a sample of Egyptian corporations. Firm profitability and market valuation were measured by return on total assets (ROA) and Tobin's Q ratio (TQ), respectively. A panel data analysis for 67 Egyptian firms for the period 2010–2018 was employed, and the generalized method of moments (GMM) with fixed-effects estimator was applied to confirm the veracity of the study hypothesis. The research findings demonstrated that profitability and firm value is positively affected by FIO. Hence, the higher the level of FIO, the higher the profitability and market valuation of the firm. The implications of the current research highlight the vital role of FIO as a primary source of equity finance in modern corporations.

Keywords

Family involvement in ownership; Profitability; Firm value; Egypt

Article history

Received: 22 January 2022 · **Accepted:** 6 February 2022

1. Introduction

The largest business form worldwide is a family business. It is estimated that up to 90% of private businesses in North America and the Middle East are family businesses. Family businesses in the Middle East and North Africa account for nearly 80% of the region's GDP and 70% of the country's workforce is employed by family businesses (Family Business Yearbook, 2014). Family businesses have several benefits as; long-term planning, business stability and fostering an atmosphere of commitment through family altruism, trust and compassion. However, many problems and shortcomings remain. For example, a dominant family may have the ability to extract private interests at the expense of minority shareholders (La porta et al., 1999; and Mishra et al., 2001).

Researchers in the field of finance used several theories to point out the impact of the contractual relationship between owners and managers on various financial and administrative aspects, such as organizations' profitability and market value. According to the Agency theory, the cost arising from the conflict between the interests of both owners and managers can be decreased through the implementation of corporate governance mechanisms (Jensen & Meckling, 1986). In contrast, the stewardship theory denies the existence of conflict of interest between owners and managers and argue that the behavior of managers will naturally conform to the interests of the owners (Madison et al., 2015). Accordingly, this research follows the agency perspective, which indicates that highly-concentrated ownership structures (as in the case of family ownership) will necessarily lead to a greater ability for owners to monitor the managers' behavior. Hence more cost minimization and better profitability (Anderson & Reeb 2003; Jensen & Meckling, 1976).

Previous studies on the effect of FIO on organizations' profitability and market valuations can be categorized into two conflicting perspectives. The first perspective argue that family firms outperform their non-family counterparts and those firms might avail from FIO by attaining higher profitability levels and greater shareholder value (e.g., Anderson & Reeb, 2003; and McConaughy et al., 2001). Conversely, family involvement in business via FIO might have a negative effect on firm's profitability and value (e.g., Klein et al., 2005; and Sciascia & Mazzola, 2008).

This research adds to previous studies in numerous ways. First, this research is considered as the first published study that investigate the effect of FIO on profitability and value of Egyptian corporations. Second, whereas most prior studies tested the effect of FIO on performance-based measures only, this research takes a different approach by exploring the effect of FIO on companies' value and profitability. Third, the current research provides policy makers, investors, debtors and other stockholders a better understanding of the effect of FIO on company profitability in addition to how investors in stock exchanges evaluate that pattern of ownership.

The rest of this article is structured as follows: section three represents a review of prior studies related to the effect of FIO on companies' market valuation and profitability. Section four represents the tested hypotheses. Section five discusses

topics related to data, sample and research techniques. Section six implies the research results, and finally section seven represents the conclusion and suggestions for future research.

2. Literature Review

Two major theories in the governance literature are widely utilized to illustrate the mutual relations among different stakeholders in modern corporations. From the lens of agency theory; the separation between companies' ownership and management allow managers to exploit firm resources and creates an agency cost which can be minimized by controlling managers attitude via the usage of different corporate governance mechanisms. (Jensen & Meckling, 1986). On the other hand, stewardship theory hypothesized that agents (managers) are stewards, with an intrinsic wish to serve the business and will therefore naturally align with the principal's (owners) interests (Madison et al., 2015).

In the context of family corporations, the mutual relations between the principals (i.e. family owners) and various stakeholders (e.g., debt holders, investors, employees) is affected by the degree of family involvement in business by means of FIO and the presence of family members in top management. Therefore, family-based ownership structure is an effective organizational structure that might have many repercussions on firm's profitability and longevity (Anderson & Reeb, 2003).

Empirically, as for the association between FIO and business outcomes prior literature showed two contradictory streams. The first stream contends that family businesses outperform their non-family counterparts (Anderson & Reeb, 2003; Andres 2008; Amroudi 2021; Gill & Kaur, 2015;), and the percentage of equity shares held by a family has a positive effect on firm profitability (Abrardi & Rondi2020; Chu, 2011; and Isakov & Weisskopf, 2014) and value (Amroudi 2021; Awaluddin et al., 2020 and McConaughy et al., 2001).

In the North American context, Villalonga and Amit (2006) showed that U.S. firms listed in the Fortune 500 Index during the period 1994–2000 have a 0.40 higher TQ ratio compared with non-family firms. Moreover, their results stated that firms benefit from FIO only when family members serve in top management as CEO. Anderson and Reeb (2003) and McConaughy et al. (2001) supported this result.

Numerous studies also investigated the association between FIO and profitability of European firms. Amroudi (2021) explored the impact of family management, managerial ownership and FIO on profitability of a sample includes 2,120 firms from 31 European countries. His findings showed that firms with a strategic FIO structure hold a higher TQ levels compared with firms with no FIO. These findings were supported by Barontini and Caprio (2006) and Maury (2006) who find that active FIO (i.e. FIO along with family participation in organization's top management) improves profitability for Western European corporations. The positive effect of FIO on organization's profitability and value was also confirmed by prior studies conducted on publicly listed companies in European countries such as; Norway (Mishra et al.,

2001), Germany (Andres 2008), Poland (Kowalewski et al., 2010), Sweden (Hamberg et al., 2013), Switzerland (Isakov & Weisskopf 2014) and Italy (Abrardi & Rondi 2020).

Additionally, a few attempts in the literature have investigated the association between FIO, profitability and firm value in emerging markets. Gonzalez et al. (2012) tested the effect of FIO and family-based management on the financial performance of 523 listed and non-listed Colombian companies over 1996–2006. Their results showed that direct FIO increases both return on assets and firm industry-adjusted return on assets by 7 and 9.5 percent on average, respectively. Based on a sample of Indonesian publicly listed corporations, Awaluddin et al. (2020) and Momon et al. (2021) showed that family as a controlling shareholder has a positive effect on firm value as measured by market-to-book ratio.

As for the Middle East region, Al-Dubai et al. (2014) explored the impact of founder CEO and family CEO on the association between FIO and company's profitability on a sample of 75 publicly firms in Saudi Arabia. Their results showed that company's performance as proxied by ROA is significantly and positively affected by the percentage of equity shares held by the family and the occupation of family founder as firm's CEO. This positive relationship between FIO and firm profitability was also confirmed by prior studies conducted on publicly listed companies in Asian countries such as; Taiwan (Chu 2011 and Filatotchev et al., 2005), Pakistan (Din & Javid 2012) and India (Srivastava & Bhatia 2020).

In contrast, a second stream in literature argue that family corporations hold lower profitability rates compared with non-family businesses (Anderson & Reeb 2004; Gupta & Nashier 2017), and the percentage of family shares has a negative effect on firm profitability (Prabowo & Simpson 2011; Miqdada & Setiawanb 2020; and Harjito et al., 2021) and market valuation (Abrardi & Rondi 2020; Muntahanah et al., 2021). According to this stream, the negative impact of FIO on profitability levels and market valuation occurs as a result of the ability of family principals to expropriate firm resources in the expense of minority shareholders. additionally, the entrenchment effect of FIO and the involvement of family members in top management may dominate because of the absence of other blockholders who could control family principals' decisions (Gupta & Nashier 2017).

In sum, the presence of a non-linear (inverted-U-shaped) association between FIO, firm profitability and market valuation might illustrate such contradicting streams stated above (Che & Langli, 2015). In this context, Isakov & Weisskopf (2014) revealed that the market tends to value the benefits of FIO but only in cases where the founding family does not have full control of the business. Above this level, family founders become too powerful, minority shareholders rights become more likely to be expropriated, and investors become cautious.

3. Hypotheses development

Agency theory argued that firms with concentrated ownership structure (as in family firms) tend to bear lower agency costs due to the principal's wide ability to monitor and control agent's behavior and hence more cost minimization and better profitability (Jensen & Meckling, 1976; and Anderson & Reeb, 2003). Similarly, stewardship theory predicts that the percentage of equity shares held by a family shall reduce agency costs because of the close alignment of the interests between family principals and managers, and the capability of family founders to behave as stewards of the family fortune. Thus, organization profitability and value will be increased (Chu 2011; Srivastava & Bhatia 2020)

By discerning the literature review (Section 2), we concluded that the major stream of prior studies revealed that family businesses outperform their non-family counterparts (e.g., Anderson & Reeb, 2003; Andres 2008; Gill & Kaur, 2015; and Amroudi 2021), and the percentage of FIO has a positive effect on firm profitability (Chu, 2011; Isakov & Weisskopf, 2014; and Abrardi & Rondi 2020) and market valuation (McConaughy et al., 2001; Awaluddin et al., 2020; and Amroudi 2021). Based on the above discussion, FIO is expected to have a positive impact on firms' profitability and value. Thus, our main hypothesis is as follows:

Hypothesis 1: FIO is positively associated with higher profitability.

Hypothesis 2: FIO is positively associated with higher value.

4. Research Methodology

4.1 Data and population

The data set covered the periods 2011–2018. Governance, trading stocks & financial data were gathered from two main sources: Egypt Company for Information Dissemination and Refinitiv Eikon Database (formerly known as Thomson Reuters Eikon Database). The research population consist of all Egyptian listed corporations. According to the annual report issued by the Egyptian Stock Exchange for 2018, the total number of listed corporations at the end of 2018 is 220 firms. Moreover, all banks and financial firms were excluded from the data set due to the distinctive nature of their ownership structure. Hence, the final research population shrinking to be 165 non-financial listed corporations

4.2 Research sample

In order to determine a basis for sample selection, we follow La Porta et al. (1999), who define family firms as those in which the owners (founding family, family member, or private individual) controlled 20 per cent or more equity. The idea behind using 20 per cent of the total ownership (i.e. votes) is that this is usually enough to have effective control of a firm (La Porta et al., 1999). Hence, the final research sample

consist of 67 Egyptian listed corporations. The data set covered the periods 2011–2018. Table 1 shows the industrial classification of the study sample in detail.

Table.1 Study sample

Sector	Listed companies	Included companies
Basic Resources	9	2
Chemicals	8	2
Materials and Construction	22	10
Food and Beverage	29	8
Healthcare and Pharmaceuticals	16	4
Industrial Goods, Services and Automobiles	16	10
Personal and Household Products	10	4
Real Estate	30	11
Retail	5	2
Technology	4	2
Travel & Leisure	16	12
Total	165	67
%	100%	40.6%

* **Source:** Author's own

According to the previous table, the selected sample reflect about 41% of all non-financial Egyptian listed corporations. Travel and leisure sector hold the higher ratio of FIO with 61%, while industrial goods, services and automobiles sector comes second with 63%. Moreover, sample firms in both Chemicals and Healthcare sectors represent about 25% of listed corporations in each sector.

4.3 Research techniques

This research created two experiential models to test the effect FIO on companies' outcomes. Model one (equation. 1) explored the impact of FIO on profitability, as measured by ROA ratio, and model tested the effect of FIO on organization's value, as proxied by TQ ratio. The current research used numerous variables to control for difference in firm-related characteristics and economic situations. Table 2 shows the calculations and definitions of the study variables.

$$ROA_{i,t} = \alpha + \beta 1 ROA_{i,t-1} + \beta 2 FO_{i,t} + \beta 3 AGE_{i,t} + \beta 4 SIZE_{i,t} + \beta 5 DEBT_{i,t} + \beta 6 GROWTH_{i,t} + \beta 7 GDP_{i,t} + \varepsilon_{i,t} \quad (1)$$

$$TQ_{i,t} = \alpha + \beta 1 ROA_{i,t-1} + \beta 2 FO_{i,t} + \beta 3 AGE_{i,t} + \beta 4 SIZE_{i,t} + \beta 5 DEBT_{i,t} + \beta 6 GROWTH_{i,t} + \beta 7 GDP_{i,t} + \varepsilon_{i,t} \quad (2)$$

Table.2 Variables definition and calculation

Abbreviation	Variables	Calculation
Dependent variable: Performance		
ROA	Return on assets	Earnings befor interest and taxes / total assets
Dependent variable: Firm Value		
TQ	Tobin's Q ratio	(Market value of equity + book value of total debts) / total assets
Independent variable: Family Involvement in Ownership		
FIO	Family shares	Shares held by family individuals and family institustions / outstanding shares
Control variables		
AGE	Company age	Natural logarithm of company's age
SIZE	Company size	Natural logarithm of aggregate assets
DEBT	Capital structure	Short- and long-term debts to total assets
GROWTH	Growth opportunity	Annual change in sales over the previous year
GDP	Economic conditions	Annual change in the gross domestic product

* **Source:** Author's own

To confirm the veracity of the study hypothesis, we used an empirical panel data methodology. According to Hsiao (2003) and Baltagi (2005) the panel data analysis provides many benefits as, lower levels of collinearity between explanatory variables, more degrees of freedom, large levels of data points, and more controlling for heterogeneity. The generalized method of moments (GMM) with fixed-effects estimator was applied to counter for different statistical issues as heteroskedasticity, auto correlation, and endogeneity problem.

Regarding the auto correlation problem, the lagged dependent variable of the past year was added in the two empirical models to control for the presence of auto correlation in the data set. Statistically, to combat for heteroskedasticity and endogeneity in problems, we employed a two-step GMM analysis with fixed-effects estimator. We add all independent variables lagged up to one time in each model as instruments. Moreover, the Durbin-Watson statistic and the Sargan statistics of overidentifying restrictions were applied to confirm validity of the employed GMM technique.

5. Results of data analysis

Table 3 represent the descriptive statistics for study variables. The median profitability ratio (ROA) is about 6%, which reflects that companies' revenues reflect about 0.06 of each Egyptian pound invested in companies' total assets. The average TQ ratio is about 74%, which shows that the average market valuation of firms is less than 100% of its aggregate assets.

Table.3 Basic statistics

Variables	Mean	Median	Std. Dev.	Minimum	Maximum	Obs.
ROA	0.0733	0.0607	0.0738	-0.1224	0.2704	508
TQ	0.7401	0.7059	0.3153	0.1462	1.5301	413
FIO	0.5140	0.4891	0.2326	0	1	499
AGE	24.6742	21	13.4454	1	65	531
SIZE	4217376	725831.5	10000422	36353	96273549	524
DEBT	0.1948	0.1802	0.1644	0	0.6817	521
GROWTH	0.1327	0.1241	0.3107	-0.8962	1.0769	471
GDP	0.0341	0.0355	0.0122	0.0176	0.0531	536

FIO has a mean value of 51.4%, which illustrates that about half of the outstanding shares of the study sample held by family principals. The average firm age is about 25 years, and that implies that companies in our study were established over a quarter of a century ago. Firm size has a mean value of about EGP 4 billion, with a median value of about EGP 726 million, which implies that the study sample are dominated by the nature of large-sized corporations. Debt ratio has a median value of about 18%, and this level is less than 20% of a company's aggregate assets. Hence, we can conclude that companies in our study were not heavily leveraged.

The average growth opportunity as measured by the annual change in sales is about 13%, with a median value of 12%, whereas the wide range between the maximum and minimum levels of sales growth -90% and +108% show that growth levels are highly fluctuated during the study period. Finally, the median value of economic conditions as measured by GDP ratio is about 3.5% during the period 2011-22018. The Pearson's simple correlation was employed to investigate the correlation relationship among study variables, as shown in Table 4.

Table.4 Pearson's correlations matrix

Variables	ROA	TQ	FIO	AGE	SIZE	DEBT	GROWTH	GDP	VIF	
									ROA Model	TQ Model
ROA	1								----	----
TQ	0.263 ***	1							----	----
FIO	0.038	0.0201	1						1.05	1.02
AGE	0.150 ***	0.095 *	-0.172 ***	1					1.20	1.25
SIZE	-0.129 ***	-0.270 ***	0.005	-0.157 ***	1				1.25	1.31
DEBT	-0.077 *	0.186 ***	0.002	0.214 ***	0.294 ***	1			1.17	1.24
GROWTH	0.289 ***	0.050	0.066	0.029	0.076 *	0.081 *	1		1.06	1.05
GDP	0.017	-0.134 ***	-0.000	0.175 ***	0.150 ***	0.033	0.149 ***	1	1.09	1.07

Notes: ***, **, * reflects significance at 0.01, 0.05 and 0.10 levels respectively.

Table 4 show that that ROA ratio as a proxy of firm profitability is positively but not significantly correlated with FIO. Additionally, firm profitability is positively and significantly associated with firm age, sales growth and market valuation. These findings demonstrate that companies with higher profitability levels tend to be more valued, categorized as old firms and benefit from growth opportunities. Conversely, company profitability is negatively and significantly correlated with firm size and debt ratio, and these findings reflect that more profitable companies rely less on debt finance and the smaller the firm size, the higher the profitability of firms.

Similarly, TQ ratio as a proxy of the market valuation, is positively but not significantly correlated with FIO. Moreover, firm value is negatively and significantly correlated with firm size and GDP, and these findings reveal that large companies tend to be less valued from the investor's perspective and the increase in the market value of companies during periods of economic depression. Conversely, firm value is positively associated at the 10% and 1% levels of significance with firm age and debt financing, respectively. These results indicate that companies with higher TQ levels categorized as old firms and the usage of debt financing has a positive effect on the market valuation of firms. lastly, concerning multicollinearity issue, Table 4 show that our set of explanatory variables did not face a multicollinearity problem, since the variance inflation factor (VIF) was less than two for all variables (Hair et al., 2006; Field, 2005).

Table 5 reflects the results of the two empirical models. Columns 1 shows the two-step GMM estimator for the relationship between FIO and firm profitability. While, Columns 2 reflects the two-step GMM estimator for the association between FIO and firm value. Statistically, the value of the Durbin-Watson statistic shows the

absence of any auto correlation issues in both ROA and TQ models, and the Sargan statistics reflect the validity of the selected instruments. The P-value of the Hausman test implies the rejection of the Hausman test's null hypothesis, meaning that Fixed-Effects estimates is more valid compared to the Random-Effects for the two models. Additionally, the value of the adjusted R2 confirm that our set of explanatory variables explain about 84% and 94% of the variation in firm profitability and market valuation, respectively.

Table.5 The effect of FIO on performance and value

Model	ROA	TQ
Constant	-0.230 (-3.331)***	-0.037 (-0.198)
ROA _(t-1)	0.261 (6.210)***	-----
TQ _(t-1)	-----	0.227 (6.565)***
FIO	0.001 (2.702)***	0.005 (6.133)***
AGE	-0.010 (-0.780)	0.274 (3.678)***
SIZE	0.024 (4.594)***	-0.028 (-1.507)
DEBT	-0.129 (-6.519)***	0.481 (9.554)***
GROWTH	0.036 (7.270)***	-0.007 (-0.542)
GDP	-0.006 (-1.054)	-0.190 (-9.147)***
Observations	375	307
Adjusted R ²	0.84	0.94
Durbin-Watson Statistic	2.33	2.06
Sargan Statistics (P-value)	2.854 (0.415)	0.069 (0.793)
Hausman Test (P-value)	73.332 (0.000)	70.417 (0.000)

Notes: ***, **, * reflects significance at 0.01, 0.05 and 0.10 levels respectively, and T-values are in parentheses below coefficients.

According to Table 5, the lagged value of ROA ratio (ROA t-1) shows a highly significant positive relationship with the current performance levels. FIO exhibits a positive relationship with company profitability at the 1% level of significance. Therefore, we accept hypothesis, and these results are confirmed with previous literature (e.g., Barontini & Caprio 2006; Maury 2006; Chu, 2011; Gonzalez et al., 2012; Isakov & Weisskopf, 2014; and Abrardi & Rondi2020).

The positive relationship between FIO and ROA levels reflects that FIO help in mitigating the principal-agent problem through making the interests of both owners and agents more closer, provide the principals (family founders) who have the knowledge and the experience due to their long involvement in the business with the ability to monitor and control agent's behavior more effectively, and hence more lower agency costs and superior profitability (Anderson & Reeb 2003; Jensen & Meckling, 1976). Thus, the higher the level of FIO in firm's ownership structure, the higher the profitability of the firm.

As for the relationship between firm profitability and control variables, Columns 1 shows that firm profitability is positively associated with both company size and growth opportunities, and these results reflect that large companies with high growth opportunities attained higher performance levels. At the 1% level of significance, total debt to asset ratio as a proxy of debt financing was negatively correlated with ROA ratio, and these results reflect that more profitable companies rely less on debt finance.

Concerning the impact of FIO on market valuation, Columns 2 exhibit a significant positive relationship between the lagged TQ ratio (i.e. the ratio of the previous year) and its current level; this relationship implies that listed companies in our sample have a target firm value. The results also show that FIO is positively correlated with TQ ratio. Hence, we accept hypothesis 2; these results are in line with prior studies conducted on publicly listed companies in different regions such as; U.S. (McConaughy et al., 2001), Norway (Mishra et al., 2001), Germany (Andres 2008), Poland (Kowalewski et al., 2010), Pakistan (Din & Javid 2012), Sweden (Hamberg et al., 2013), Switzerland (Isakov & Weisskopf 2014), Indonesia (Awaluddin et al., 2020), and Italy (Abrardi & Rondi 2020).

Based on these results, it can be concluded that investors in Emerging stock exchanges, such as Egypt's, value companies with FIO structure (Isakov & Weisskopf 2014). As for the relationship between firm value and control variables, Columns 2 reflects that TQ ratio is positively associated with company age and debt levels, and these results reveal that old companies with high debt levels were more valued. Economic conditions as proxied by GDP ratio was negatively correlated with TQ ratio, and these results reveal that companies retained more value during recessions.

6. Conclusion

The main objective of this research concerns the question: Does FIO affect firms' profitability and value? And to answer this query we used a panel data analysis of 67

non-financial firms listed in the Egyptian Stock market for the period 2011 to 2018. We established two empirical models; the first model aims to test that impact of FIO on firm profitability as proxied by return on total assets (ROA). While, the second empirical model aims to explore the impact of FIO on firm value as measured by TQ ratio. Statistically, we employed the generalized method of moments (GMM) technique with Fixed-Effects estimators to confirm the veracity of the study hypothesis.

The findings of the first empirical model illustrated that company profitability is positively affected by the percentage of equity shares held by family individual-investors and family institutions. which indicates that the higher the outstanding shares held by the family, the higher the profitability of the firm. Empirical evidence of the second model revealed that firm value is positively affected by the degree of FIO. This positive association between firm value and family shares, implies that investors in emerging stock exchanges, such as Egypt's, value firms with FIO. Insights provided from this research highlight the vital role of FIO as a primary source of equity finance in modern corporations.

These findings confirm to the prevailing view of agency and stewardship theory. According to the agency view, concentrated forms of ownership, such as, FIO could mitigate the effect of the Principal-Agent problem in firms due to the ability of family founders to monitor and control agent's behavior and hence lower agency costs and better profitability (Anderson & Reeb 2003; Jensen & Meckling, 1976). Similarly, stewardship scholars argue that the percentage of equity shares held by the founding family and the participation of family members in firm's top management shall reduce agency costs due to the ability of family founders to act as stewards of the family wealth. Thus, firm profitability and value will be increased (Chu 2011; Srivastava & Bhatia 2020).

The current research offers various implications for future research, but with the presence of many limitations. First, the current analysis concentrated only on publicly listed companies. Expanding to private companies could better illustrate how FIO in non-listed firms affect firm profitability and value. Second, the current research uses numerous variables to control for difference in firm-related characteristics and economic situations. Future studies could explore the impact of a set of control variables, such as, age, size, financial constraints and industry concentration on the relationship between FIO from one hand, and firms' profitability and value from the other hand. Finally, this research was limited to data analysis of firms listed in the Egyptian Stock market for the period 2011 to 2018. Future research could investigate the effect of FIO on companies' profitability and value in different time horizon such as; the global financial crisis, the Egyptian revolution of 2011 and the COVID-19 pandemic period.

References

- Andres, C. (2008). Large shareholders and firm performance—An empirical examination of founding-family ownership. *Journal of Corporate Finance*, 14(4), 431-445. <https://doi.org/10.1016/j.jcorpfin.2008.05.003>
- Abrardi, L., & Rondi, L. (2020). Ownership and performance in the Italian stock exchange: the puzzle of family firms. *Journal of Industrial and Business Economics*, 47(4), 613-643. <https://doi.org/10.1007/s40812-020-00160-z>
- Amroudi, M. (2021). The impact of management, family and employee ownership concentration on firm performance. *Junior Management Science* 6(1), 81-99. <https://doi.org/10.5282/jums/v6i1pp81-99>
- Awaluddin, M., Sholihin, A., Sumarlin, S., Wardhani, R. S., & Sylvana, A. (2020). Existence of company size in control towards family ownership and debt policy value of companies. *Integrated Journal of Business and Economics*, 4(2), 133-146. <http://dx.doi.org/10.33019/ijbe.v4i2.267>
- Anderson, R. C., Mansi, S. A., & Reeb, D. M. (2003). Founding family ownership and the agency cost of debt. *Journal of Financial Economics*, 68(2), 263-285. [https://doi.org/10.1016/S0304-405X\(03\)00067-9](https://doi.org/10.1016/S0304-405X(03)00067-9)
- Anderson, R. C., & Reeb, D. M. (2003). Founding-family ownership, corporate diversification, and firm leverage. *The Journal of Law and Economics*, 46(2), 653-684. <https://doi.org/10.1086/377115>
- Al-Dubai, S. A., Ismail, K. N., & Amran, N. A. (2014). Family involvement in ownership, management, and firm performance: moderating and direct-effect models. *Asian Social Science*, 10(14), 193-205. <https://doi.org/10.5539/ass.v10n14p193>
- Baltagi, B. H. (2005), *Econometric Analysis of Panel Data*, John Wiley & Sons Inc, Hoboken, NJ.
- Barontini, R., & Caprio, L. (2006). The effect of family control on firm value and performance: evidence from continental Europe. *European Financial Management*, 12(5), 689-723. <https://doi.org/10.1111/j.1468-036X.2006.00273.x>
- Che, L., and Langli, J. C. (2015). Governance structure and firm performance in private family firms. *Journal of Business Finance and Accounting*, 42(9-10), 1216-1250. <https://doi.org/10.1111/jbfa.12170>
- Chu, W. (2011). Family ownership and firm performance: Influence of family management, family control, and firm size. *Asia Pacific Journal of Management*, 28(4), 833-851. <https://doi.org/10.1007/s10490-009-9180-1>
- Din, S. U., & Javid, A. Y. (2012). Impact of family ownership concentration on the firm's performance: evidence from Pakistani capital market. *Journal of Asian Business Strategy*, 2(3), 63-70. <https://archive.aessweb.com/index.php/5006/article/view/4022>
- Family Business Yearbook* (2014). London, UK: Ernst and Young Global Limited. <https://familybusiness.ey-vx.com/insights/family-business-yearbook-2014.aspx>
- Field, A. (2005), *Discovering Statistics Using SPSS*, SAGE Publications, London.
- Filatovchev, I., Lien, Y.-C., & Piesse, J. (2005). Corporate governance and performance in publicly listed, family-controlled firms: evidence from Taiwan. *Asia Pacific Journal of Management*, 22(3), 257-283. <https://doi.org/10.1007/s10490-005-3569-2>
- Gupta, A., & Nashier, T. (2017). Family ownership and firm performance: evidence from India. *Quarterly Journal of Finance and Accounting*, 55(3-4), 37-68. <https://www.jstor.org/stable/90016631>
- Gonzalez, M., Guzman, A., Pombo, C., & Trujillo, M.-A. (2012). Family firms and financial performance: The cost of growing. *Emerging Markets Review*, 13(4), 626-649. <https://doi.org/10.1016/j.ememar.2012.09.003>
- Gill, S., & Kaur, P. (2015). Family involvement in business and financial performance: a panel data analysis. *Vikalpa*, 40(4), 395-420. <https://doi.org/10.1177/0256090915605756>
- Hsiao, C. (2003), *Analysis of Panel Data*, Cambridge University Press, New York, NY.

- Harjito, D. A. ., Santoso, A. R. C. ., & McGowan, Jr. , C. B. . (2021). The effect of corporate governance and corporate strategy on family firm performance in Indonesia. *Journal of Applied Business Research (JABR)*, 37(1), 11–16. <https://clutejournals.com/index.php/JABR/article/view/10367>
- Hair, J. F., Anderson, R. E., Tatham, R. L. and Black, W. C. (2006), *Multivariate Data Analysis*, Prentice-Hall International, Upper Saddle River, NJ.
- Hamberg, M., Andre Fagerland, E., & Kvamme Nilsen, K. (2013). Founding-family firms and the creation of value: Swedish evidence. *Managerial Finance*, 39(10), 963-978. <https://doi.org/10.1108/MF-11-2012-0228>
- Isakov, D., & Weisskopf, J.-P. (2014). Are founding families special blockholders? An investigation of controlling shareholder influence on firm performance. *Journal of Banking & Finance*, 41, 1-16. <https://doi.org/10.1016/j.jbankfin.2013.12.012>
- Jensen, M., & Meckling, W. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure, *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kowalewski, O., Talavera, O., & Stetsyuk, I. (2010). Influence of family involvement in management and ownership on firm performance: evidence from Poland. *Family Business Review*, 23(1), 45-59. <https://doi.org/10.1177/0894486509355803>
- Klein, P., Shapiro, D., & Young, J. (2005). Corporate governance, family ownership and firm value: the Canadian evidence. *Corporate Governance: An International Review*, 13(6), 769-784. <https://doi.org/10.1111/j.1467-8683.2005.00469.x>
- La Porta, R., Lopez-De-Silanes, F. and Shleifer, A. (1999). Corporate ownership around the world. *The Journal of Finance*, 54: 471-517. <https://doi.org/10.1111/0022-1082.00115>
- Momon, Wati, L. N., & Sutar. (2021). The role of political connections and family ownership in increasing firm value. *ACRN Journal of Finance and Risk Perspectives*, 10(1), 40-53. <https://dx.doi.org/10.35944/jofrp.2021.10.1.003>
- Maury, B. (2006). Family ownership and firm performance: empirical evidence from western European corporations. *Journal of Corporate Finance*, 12(2), 321-341. <https://doi.org/10.1016/j.jcorpfin.2005.02.002>
- Mishra, C. S., Randoy, T., & Jansen, J. I. (2001). The effect of founding family influence on firm value and corporate governance. *Journal of International Financial Management and Accounting*, 12(3), 235-259. <https://doi.org/10.1111/1467-646X.00073>
- McConaughy, D. L., Matthews, C. H., & Fialko, A. S. (2001). Founding family controlled firms: performance, risk, and value. *Journal of Small Business Management*, 39(1), 31-49. <https://doi.org/10.1111/0447-2778.00004>
- Madison, K., Holt, D. T., Kellermanns, F. W., & Ranft, A. L. (2015). Viewing family firm behavior and governance through the lens of agency and stewardship theories. *Family Business Review*, 29(1), 65-93. <https://doi.org/10.1177/0894486515594292>
- Miqdad, M., & Setiawan, R. (2020). Family control, profitability, dividend payment rate, and foreign ownership moderation. *International Journal of Innovation, Creativity and Change*, 13(8), 1202-1214. https://www.ijicc.net/images/vol_13/Iss_8/13888_Miqdad_2020_E_R.pdf
- Muntahanah, S., Kusuma, H., Harjito, D. A., & Arifin, Z. (2021). The effect of family ownership and corporate governance on firm performance: a case study in Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(5), 697–706. <https://doi.org/10.13106/JAFEB.2021.VOL8.NO5.0697>
- Prabowo, M., & Simpson, J. (2011). Independent directors and firm performance in family controlled firms: evidence from Indonesia. *Asian-Pacific Economic Literature*, 25(1), 121-132. <https://doi.org/10.1111/j.1467-8411.2011.01276.x>
- Srivastava, A., & Bhatia, S. (2020) Influence of family ownership and governance on performance: evidence from India. *Global Business Review*, 0(0), 0972150919880711. <https://doi.org/10.1177%2F0972150919880711>

- Sciascia, S., & Mazzola, P. (2008). Family involvement in ownership and management: exploring nonlinear effects on performance. *Family Business Review*, 21(4), 331-345. <https://doi.org/10.1177/08944865080210040105>
- Villalonga, B., Amit, R., Trujillo, M.-A., & Guzmán, A. (2015). Governance of family firms. *Annual Review of Financial Economics*, 7(1), 635-654. <https://doi.org/10.1146/annurev-financial-110613-034357>