

The relationship between corporate governance and financial performance: evidence from Jordanian Family and Non-family firms

Abstract: The main objective of this article is to attempt to fill a research gap in the relationship between corporate governance mechanisms and financial performance of family and nonfamily firms' by using a sample of non-financial firms listed on Amman Stock Exchange for a period 2009 to 2015. Although, the concerns of corporate governance and firm's ownership structure have recently attracted serious attention from scholars, policymakers, and academic institutions, a large number of empirical works found no clear link between corporate performance and corporate governance. In addition, the research into how the corporate governance has an influence on family firms, especially in emerging countries is still unclear. In particular, Jordan as an emerging market has not been the focus of previous studies, particularly with regard to corporate governance in family firms.

Keywords: Corporate governance, financial performance, family businesses, Amman Stock Exchange

1. Introduction:

There is a growing body of corporate finance literature that supports a relationship between corporate governance mechanisms and financial performance. In particular, the United States and the Asian experience, there exists a large body of empirical studies with some reporting positive relationship (see, for example, Bebchuk et al. 2004, in the US; Haniffa and Hudaib, 2006 in Malaysia; Black, 2007, in India), and others reported no positive relationship (see, for example, Chidambaran et al., 2008, in the US; Aksu and Kosedag, 2006, in Turkey; Rui et al. 2002, in China).

The issues of corporate governance and firm's ownership structure are not new; especially publicly traded company usually owned by many shareholders. Since the early work of Berle and Means (1932) corporate governance has focused on corporations characterized by diffused ownership that results in the shareholder- managers' problem arising from the separation of ownership and control. Mayer (1997) stated that corporate governance "*is concerned with ways of bringing the interests of investors and manager into line and ensuring that firms are run for the benefit of investors*". These companies commonly found in developed countries such as the UK and the US (Gugler et al., 2008).

La Porta et al. (1998) argue that the primary conflict in a firm owned by relatively few large shareholders is between the majority and minority shareholders because of the potential for the former to expropriate wealth from the latter. This is especially the case in Arab countries where ownership and control is mostly in the hands of individuals or families. However, Klapper and Love (2004) stated that it is essential for emerging markets to strengthen their corporate governance standards. Singh (2003) suggested that these markets should inspire companies to practice good corporate governance. In addition, according to Saidi (2005) and Najib (2007) the need to understand corporate governance has become more urgent in developing countries, particularly in the Arab region (Saidi, 2005; Najib, 2007).

In Jordan, as in many Arab countries, most companies are concentrated ownership, dominated by the family, where the founder and/or family members usually possess a great many shares of the company and often have a significant impact on the management of the company's operations. Family members usually participate in the management of a firm by holding positions such as chairman of the board of directors and/or senior executive. Previous studies indicate that family firms have different corporate governance from their non-family counterparts (Setia-Atmaja et al., 2009; Navarro and Anson, 2009). However, studies investigating whether the practice of corporate governance has the same impact on family firm performance are still less well known. Jordan in particular, where the empirical part of this study takes place, the family firms has forms a considerable part of its economy. In fact, most of the literature on corporate governance in Jordan the family firm has received almost no attention (e.g. Al-haddad et al. 2011; Al-Fayoumi et al., 2010; Abed et al., 2012). Taking into the account the significant differences in the characteristics of family firms, the impact of corporate governance on family firms may not be the same as on non-family firms. For instance, according to Carney (2005) family firms are owned and controlled by family members and, therefore, are more able to make independent decisions than non-family firms where ownership is typically more dispersed. Further, the family's control rights influence a firm's assets by providing a source of advantage in scarce environments, the possibility of creating and using social capital, and the possibility of generating more opportunistic investment processes (Carney, 2005).

This paper aims to answer the following question: Does corporate governance have an impact on the financial performance of companies in Jordan? To investigate the effect of corporate governance on financial performance of family and non-family firms in the Jordanian context through, descriptive data, t-test, correlation and regression analysis.

2. Defining Family Firms

According to Ang et al. (2000), the idea of a family firm is a single family owning at least 50% of the company's stocks. While Faccio and Lang (2002) propose at least 20% of voting rights held by one family, Barth et al. (2005) consider control of more than 33% of the company's shares an appropriate definition. On the other hand, Fahlenbrach (2009) and McConaughy et al. (1998) classify a firm as family firm if the founder and/ or descendants are CEO of the company. Differently again, Claessens et al. (2000) and Morck et al. (1988) defined family businesses as those firms where top positions are held by a family member or direct family related by blood or marriage or indirect family relationship. Lastly, Björnberg and Nicholson (2012) confirms that if the family members own the largest shareholding of the business, and more than one family member holds a top leading position "*the firm identifies itself as a family business*".

In this study, the criterion to define a firm as family firm based on "10% cut-off level" was adopted, in line with two important research that are often cited in corporate finance studies; La Porta et al. (1999) and Claessens et al. (2000). One of La Porta's explanations for using the 10% cut-off level is "*to provides a significant threshold of votes; and most countries mandate disclosure of 10 percent, and usually even lower, ownership stakes*" (1999, p.475-476).

3. Literature Review and Hypothesis Development

3.1 Board Structure

One of the most important governance mechanisms is board size as it indicates the participation of a board in company affairs and activities. The number of members on the board indicates the effectiveness in controlling and directing the company (Maztoul, 2014). Florackis et al., (2008) claimed that small board size is likely to be better for coordination and communication. These views are opposed by Epstein et al. (2002) and Goshi et al. (2002) who suggested that a board of sixteen directors is an optimal number for large companies. Pearce and Zahra (1992) argue that larger boards are more beneficial because they can provide a broader perspective and a better route as of strategic options for the company. With respect to family businesses, Navarro and Anson (2011) suggests that families may be reluctant to increase the size of the board so as to maintain control, and facilitate communication when making decisions, and thus reduce the problem of free-riding. On the other hand, Ibrahim and Samad (2011) found that larger board size has a significant effect as a device in mitigating agency costs. Hansson et al.

(2011) pointed out that a large board is a less effective governance mechanism, and thus has an adverse effect on firm performance.

In Jordan, the board of company, whether family or public company should not be more than thirteen and not less than three as specified by the Company of the Assembly, presented at the Companies Law number 22 of 1997.

A further corporate governance mechanism that might improve or reduce firm performance is CEO duality; the same person holds both the CEO and chairman in an organisation. Advocates of separation of the chairman and CEO base their view on agency theory and argue that the combination of the two positions in the hands of one person can lead to greater agency problems result from an ineffective monitoring of the CEO by the board (Jensen, 1993). Ehikioya (2009) argued that to guarantee the independence of the board, it is strongly recommended to divide the two positions in order to obtain effective checks and balances over the top management behaviour.

CEO duality is more likely within family firms, as the families have the largest shareholding (Bartholomeusz and Tanewski, 2006; Chen et al., 2005). However, Navarro & Anson (2009) state that the main role of the board in the family business is to support managers, not to observe them, and therefore CEO duality might not necessarily harmful. In other words, when the CEO and chairman of the board is a family member, it might reduce the severity of conflict of interests, and duality may facilitate family businesses governance. In terms of performance, Cabrera-Suárez and Martín-Santana (2015) found that duality itself does not have any influence on the performance of family businesses, but when there is duality, and a board with a majority of outside directors would be preferable. This means that family commitment, unity of command and unique business knowledge must be accompanied by external advice and a wider range of perspectives. **The study confirms the argument of Carney (2005), stated that management in family business may be at a disadvantage when it comes to general business knowledge, owing to nepotism and difficulties in attracting high-quality, non-family managers.** In Jordan, the JCGC was released in 2006 and recommended the separation of the two positions from each other.

One of the main debates in corporate governance concerns independent directors and its ability to control top management and reduce agency problems, in particular the problem of information asymmetry. Monks and Minow (2004) argue that the independent directors are very important in influencing corporate performance. From the agency theory perspective,

independent directors are more likely to protect shareholders against any self-serving behaviour by management and act in shareholder interest in a better way compared to non-independent directors thus preventing the eventual expropriation of shareholder wealth (Arosa et al., 2010). Belkhir (2009) argue that the independent directors can help reduce the risk of moral hazard through the oversight role on the managers, and also alleviate the problem of information asymmetries by ensuring disclosure of a wide range of risks and related information to shareholders.

Also, it is suggested that independent directors should function to mediate conflict between majority and minority shareholders and make managers more active through better monitoring, thus improving firm performance (Andres, Azofra and Lopez, 2005). Although families may seek to minimise the presence of independent directors, Anderson and Reeb (2004) document that minority shareholders in family firms desire them to be on the board to protect their interests. This can be understandable when, as Bartholomeusz and Tanewski (2006) and Setia-Atmaja et al. (2009) all suggest, family firms have less levels of board independence compared to non-family firms. However, according to Kudrats and McDowell (2015) found that having independent directors would be positively associated with performance in family firms.

According to the Companies Law number 22 of 1997 “at least one third of the board members must be non-executive, to comply with the board committees requirements”. Also, JCGC (2006) defined independent directors as “an employee of the Company or receiving a salary there from”.

However, only a few studies have examined the impact of the board structure on Jordanian corporate performance. For instance, Al-manaseer et al. (2012) state that board structure such as board size and independent directors have a positive association with Jordanian corporate performance, while Marashdeh (2014) and Alabdullah et al. (2014) argue that board structure (including, board size and CEO duality respectively) have insignificant impact on performance. Marashdeh (2014) further reveals a positive significant relationship between independent board and corporate performance. Based on the above discussion, the following hypothesis is proposed to be tested:

H1: There is a relationship between the size of boardroom and corporate performance.

H2: There is a relationship between the CEO duality and corporate performance.

H3: There is a relationship between the independent directors and corporate performance.

3.2 Ownership Structure

Ownership structure is one of the most important factors that may contribute to reducing the severity of agency problems in the company. **The unification of ownership and control lead to managers being subjected to less pressure from external investors and other observers who demand accountability and strategic renovation (Carney, 2005).** Alchian and Demsetz (1972) stated that ownership concentration has been proposed as an internal mechanism to monitor the behavior of managers by shareholders to ease intra-company conflict problems. They also argued that this mechanism is important in determining the company's objectives and the extent to which managers are disciplined. Thus, an increase in the equity of ownership gives shareholders a greater incentive to monitor and control managers, which, in turn, increases attention onto raising the financial returns (Holderness, 2003). Miller and Le-Breton Miller (2006) indicated that the reduction of agency costs incurred due to ownership concentration will lead to more benefits (i.e. savings and extra resources) for a firm and increase value. In such a context, better monitoring of managers translates into lower agency costs (Chen and Yur-Austin, 2007), thus contributing to performance and value creation.

With respect to family businesses as a distinctive type of concentration ownership, the family business and corporate finance literature shows a different impact of concentration ownership on firm performance as compared to non-family firms, whereas some studies suggested several points in a favour of a positive relation between concentration ownership and firm performance in family businesses. According to Aguilera and Jackson (2003) family controlling shareholders seeking the strategic interest of their corporation (for example, securing a new market or protecting administrative independence) are able to make difficult decisions more effectively. Moreover, families are more concerned with their reputation; family reputation can reduce self-management interests when family members are employed in top management positions, thus facilitating the survival of the company (Denis and Denis, 1994), strengthening the long-term relationship with other stakeholders such as capital providers, customers and suppliers (McVey and Draho, 2005). Generally, reputation can lead to a better firm performance (Zellweger et al., 2012). Thus, the performance of a company is likely to improve in a way that is sustainable in the long term.

In family firms, the importance of concentrated ownership has been examined. For example, Lins (2003) using a sample of family firms drawn from 18 emerging economies, found that ownership concentration positively impacted on firm value. He argued that companies with majority shareholders increase the effectiveness of corporate governance of companies in emerging economies. Al-Ghamdi and Rhodes (2015) studied and tested a sample of 792 firm-

years among from 11 industrial groups for the years 2006 to 2013 and compared family and non-family firms in Saudi Arabia and found that ownership concentration in family firms has a significant positive relationship with the performance. Additionally, the findings revealed that the relationship between ownership concentration and performance in non-family firms was positive although not statistically significant. In case of Jordan, most companies have a higher concentration of ownership (OECD, 2003). In this context, this study will investigate the effect of the concentrated ownership on the performance of family and non-family firms.

Institutional investors are considered as one of the most important external corporate governance mechanisms affecting corporate performance. This is because institutions have different investment goals and decision-making opportunities, as well as the power to monitor manipulations by managers and improve firm performance (Shleifer and Vishny, 1997; Bowen et al., 2008). According to Dong and Ozkan (2008), greater expertise and power of institutional investors leads to more rational decision-making by management directly through its ownership or indirectly through the trading of its shares (Gillan and Starks, 2003).

In the context of listed family firms, Miller et al. (2013) find that institutional investors have a positive effect on the financial performance of family firms. They argue that there is a conformity in several aspects of strategy interests between family firms and those investors, which is related to higher returns on assets. Sacristan-Navarro et al. (2011) suggests that increasing institutional ownership can benefit family businesses, as these investors may compete for control, thereby reducing the expropriation of minority shares. However, some papers reveal that the combination of family shareholders and other types of shareholders may not necessarily positively affect the performance of family businesses. For example, Fernando, Schneible and Suh (2013), identify that principal-principal problems are more prevalent in family firms. They argue that institutional investors are better able to recognise this problem in family businesses. This can imply that family firms are less attractive to institutional investors which are an increasingly important source of capital. In other words, the conflict problems are harmful to non-family shareholders, so family businesses may not be able to access new sources of capital, especially when they need to expand their investments.

In the case of Jordan, most of the major domestic institutional investors are banks, insurance companies and pension funds such as the Social Security Corporation Investment Unit. Thus, they are a good example of “pressure-sensitive” institutional investors. However, it is suggested that such investors are not capable of playing an effective monitoring role and

commonly have significant business relationships with companies. In addition, most companies in Jordan have a higher concentration of ownership (OECD, 2003) and lower degree of investor protection (La Porta et al., 1999). Thus, pressure-sensitive investors are less likely to act as effective monitors than pressure-resistant investors.

In addition, the presence of foreign investors is also important, especially in developing countries, the increased expansion of foreign investors is one of the most important factors in emerging markets. This is due to limited domestic resources to finance investment (Leuz et al., 2010), which leads many emerging countries to liberalise their stock markets, and allowing foreign financiers to invest in domestic firms (Kim and Cheong, 2015). As confirmed by the international finance literature, this type of investor contributes to enhancing local investments (Henry, 2000) and boosting financial market development and liquidity (Bekaert et al., 2007). Young et al. (2008) stated that the presence of foreign investors is an effective part of governance improvement in emerging economies. They also argue that foreign investors are able to monitor the corporations in a better way than domestic ones because they are “*outside the domestic social networks from which the institutional norms of behaviour are generated, and they are therefore more likely to push for transparent deals*” (Young et al., 2008, p.212).

In the context of listed family firms, foreign investors would also avoid family firms with poor profitability and poor corporate governance because investing in such firms are not likely to reach their return on investment benchmark. Specifically, in emerging markets, where law enforcement may be weak, and thus an indication of the presence of several risks such as accounting risks, asset risk and strategic policy risk (Clayaman et al., 2011) associated with poor corporate governance. For example, strategy risk refers to the risk that owner-managers may exercise their powers in transactions such as acquisitions and mergers that may not be in the best interests of other shareholders, but that may result in large benefits for the directors/managers whereas asset risk refers to the risk that the company’s assets will be misappropriated by the controlling manager-owners (Clayaman et al., 2011).

According to the OECD (2006) Jordan is considered to have one of the highest levels of foreign investment of market capital in the world. In 1995, Jordan has liberalised the Amman stock market, allowing international investors to invest directly in the equity securities of Jordanian firms. This resulted in raising the percentage of non-Jordanian ownership from 38.51 in 2001 to 49.50 in 2016. This increase indicates a positive sign of an effective control and good profitability that foreign investors prefer. Therefore, considering the significant influence of

the foreign investors on firm performance, especially in emerging markets, this study will examine the effect of non-Jordanian investors on the non-financial firms that listed in Amman Stock Market for the period 2009-2015.

Based on the above discussion, the following hypothesis is proposed to be tested:

H4: There is a relationship between ownership concentration and corporate performance.

H5: There is no relationship between local investors' ownership and corporate performance.

H6: There is a relationship between foreign ownership and corporate performance.

3.3 Control Variables

Firm size

This variable has been used in several previous studies (such as, Cassar and Holmes, 2003; Al-Matari et al., 2012). It has been argued that the firm size variable is likely to have a positive correlation to corporate performance. Jon (2003) suggests that large firms are more likely to have a better opportunity than smaller firms in term of accessing external fund at cheap cost and increase firm value, due to their size. On the other hand, many studies (see, for example, Agrawal and Knoeber, 1996) suggest that small firms are better than large firms because of growth opportunities. The explanation for that is because the small firms are more likely to comply with a strict corporate governance rules in order to attract investors, and thus more external funds to invest these opportunities and increase profitability (Kalpper and Love, 2004).

Empirical studies have found inconclusive results on the impact of company size on the financial performance, but they still agree on linkages between the company's size and performance. Many previous studies have measured this variable by the log of total assets (see, for example Cassar and Holmes, 2003; Elsayed, 2007). The reason behind using the logarithm is to mitigate heteroscedasticity problems (Aliani, 2012). Based on the above discussion, the following hypothesis is proposed to be tested:

H7: There is a relationship between firm size and corporate performance

Leverage

The relationship between the leverage and corporate performance reached mixed results. A positive impact on corporate performance might take place as a consequence for monitoring performed by lenders. Stiglitz (1985) argued that efficient control over management behaviour

is carried out primarily by lenders rather than principals. Jensen and Meckling (1976) state that leverage as an internal corporate governance mechanism can play a vital role in reducing agency problem particularly free cash problems. Leverage was related positively to corporate performance, as observed by Agrawal and Knoeber (1996). Moreover, Ross (1977) point out that highly leveraged firms might be a good signal for the firm to meet large amounts of debt.

Conversely, Stulz (1988) reports that highly leveraged for firms will influence the market value of equities and lead to increase the financial risk. Furthermore, Stulz argued that high level of leakage will slow down the performance of the firm by increasing attention and monitoring of creditors on the firm activities. In addition to that, Myers (1977) argues that the high levels of leverage may adversely affect the performance of the firm in accordance with the problem of lack of investment. This is due to the increase in financial leverage would hamper the company's ability to raise new debt. Similarly, Andrade and Kaplan (1998) expect negative association between leverage and performance. They argue that firm with higher leverage tend to perform worse than firms with lower leverage.

Based on the above discussion, the current study assumes either a positive or negative association between leverage and corporate performance as is shown in the following hypothesis:

H8: There is a relationship between leverage and corporate performance.

4. Data and Methodology

This research employs data that includes corporate governance mechanisms, ownership structure, and firm characteristics and financial ratios of a sample of Jordanian listed firms in the ASE for the period 2009 to 2015. The sample covers all companies that have been part of the ASE during this period. Both family and non-family firms have been included in the sample of Jordanian companies listed on the Amman Stock Exchange (ASE). Initially, a total of 228 companies were listed on the ASE as of 31 December 2015. Consistent with previous studies in the area of corporate governance and firm performance (see, e.g., Anderson and Reeb, 2003; Al-Fayoumi et al., 2010; Estrin et al., 2009; Andres, 2008), financial companies have been dropped from the sample because they are subject to a strict set of regulations which are different from companies in other sectors (Chen et al., 2008), and the distinctive features of financial statement and reporting rules makes these firms incomparable with those of other companies (Abed et al., 2012).

After the exclusion of financial companies, the data used in this study is subjected to the following criteria: First, we exclude companies from the sample if any of the independent variables needed for the analysis are missing from annual reports that are obtained either through the ASE official website, the SDC archives, the companies' websites or Thomson One database. Second, companies that did not survive on ASE for less than the study period (2009 to 2015) were dropped from the sample. This study used the same criteria used by previous studies (Yermack, 1996; Cheng et al., 2008) to drop the firms that did not survive during the study period (2009-2015), which are (i) not selected firms that have been liquidated, whether voluntary or committed and (ii) do not selected firms acquired or merged with another firm.

This selection procedure reduced the sample from 228 to 103 firms during the period 2009-2015 (representing 85.12 per cent of sample to non-financial firms). Table (1) presents a description of the study sample after excluding items such as financial companies, missing data, and provides 721 firm-year observations. To conduct our investigation, the criterion to define a firm as family firm based on “10% cut-off level” was adopted. Based on this definition, 56 family firms and 47 non-family firms were selected for this study, providing 392 family firm year observations and 329 non-family firm-year observations.

The data was collected from various secondary sources. First, data related to the corporate governance mechanisms and corporate characteristic (firm age) were manually collected from the annual reports of each firm for the relevant years. Second, data related to the ownership structure (large shareholders and local investors' ownership) were manually collected from the annual reports and the companies' websites, while foreign ownership was obtained from Thomson One database and the Amman Stock Exchange annual company guide. Third, firm financial performance variables and data related to firm size and leverage variables were obtained from firms' financial statements obtained from the Securities Depository Centre (SDC).

Table (1): Sample Selection Producer

Total number of listed companies on Amman Stock Exchange as in Dec 2015	228
Less No. of financial firms*	107
No. of non-financial firms**	121
Less No. of companies with missing data	18
Final sample	103
% of sample to non-financial firms	85.12%

* Financial companies include the following segments: Banks, Insurance, diversified financial services and Real Estate Source: Amman Stock Exchange Annual Reports.

** Non-financial companies include the following segments: Health Care Services, Educational Services, Hotels & Tourism, Transportation, Technology & Communication, Media, Utilities & Energy, and Commercial Services, Pharmaceutical & Medical Industries, Chemical Industries, Paper & Carton, Printing & Packing, Food & Beverage, Mining & Extracting, Tobacco & Cigarettes, Engineering & Construction, Electrical Industries, Textiles, Leather & Clothing, and Glass & Ceramics. Source: Amman Stock Exchange Annual Reports.

In this study, the accounting-based measure (ROA) has been chosen as a measure for financial corporate performance. The ratio for each year is calculated by dividing the net income by the total assets of the company. In addition, market-based measures Tobin's Q which is calculated as the ratio of the book value of total assets minus the book value of equity, plus the market value of equity to the book value of assets. Prior studies have used Tobin's Q and ROA as proxies for corporate financial performance (Anderson and Reeb, 2003; Denis & Denis 1994). Moreover, the study employs pooled regression with panel data for the model of the study.

Thus, based on the previous discussion, the following model has been developed to analyse the relationship between corporate governance mechanisms and financial performance for both family and non-family firms.

Financial Performance ~ f (Board size, CEO Duality, Independent directors, Ownership concentration, Local investors' ownership, Foreign ownership, Firm size, Leverage).

Table (2) Variables definitions and explanations

Independent Variables		
Variable	Symbol	Definition
Board Size	<i>BOSIZE</i>	The total number of directors that shape the board
CEO Duality	<i>CEODUALITY</i>	A dummy variable takes the value of one if the CEO being chairman, and zero otherwise.
Independent Directors	<i>INDTDIR</i>	The percentage of independent directors by dividing the number of independent directors by the total number of directors
Concentrated Ownership	<i>OWNCON</i>	The total of shares that are owned by shareholders who own 5% or more
Local Investors' Ownership	<i>OWNLOC</i>	Total percentage of shares owned by institutional shareholders who have been classified as top-5 largest shareholders

Foreign Ownership	<i>OWNFOR</i>	The total percentage of shares (capital) that owned by foreign shareholders.
Dependent Variables		
Return on Assets	<i>ROA</i>	(Net Income divided by Total Assets) multiplied by 100
Tobin's Q	<i>TOBIN'S Q</i>	This ratio calculated by dividing the equity market value by equity book value
Control Variables		
Firm Size	<i>FSIZE</i>	Natural Logarithm of Total Assets
Leverage	<i>LEVERAGE</i>	Total debt divided by Total Assets

5. Data Analysis-

This section shows the analysis of data including; descriptive statistics analysis, independent t-test and correlation coefficients matrix among the independent and dependent variables, while the final hypothesis test is based on the analysis of data using multiple regression.

5.1 Descriptive Statistics

Table (3) Descriptive statistics for all variables

Variables	Mean	Min	Max	Std. Dev.	Skewness	Kurtosis
ROA (%)	2.92	-17.3	13.6	5.29	-0.807	6.44
Tobin's Q	0.017	-0.0128	0.058	0.033	0.212	1.055
BOSIZE	8.14	5	13	2.201	0.376	2.570
CEODUA	0.181	0	1	0.385	1.651	3.725
INDTDIR	0.914	.6	1	0.084	-1.600	6.801
OWNCON	0.638	0.168	0.988	0.217	-0.418	2.370
OWNLOC	0.388	0	0.952	0.292	0.306	1.952
OWNFOR	0.167	0	0.904	0.220	1.802	5.691
TA (\$ Millions)	69,260,717	4,698,481	176,578,43	8758538	5.623	37.44
LEVERAGE (%)	0.327	0.017	0.906	0.223	0.854	3.150

The table (3) reports that the minimum value of ROA is -17.3% while the highest value is close to 14% with an average of 2.92% for the overall sample. As regards to Tobin's Q, the figures show that the minimum value of Tobin's Q is -0.0128, while the highest value is 0.058, with an average of 0.017 for the overall sample firms.

The statistics reveal that the mean board size for the whole sample of the 103 listed Jordanian companies is 8.14, with a minimum of 5 and a maximum of 13 members on the board. In terms of CEO duality, the mean percentage of CEO duality is 18.1 per cent, which means that 81.9 per cent of Jordanian companies separate the position of the chairman of the board of directors from the CEO lessening the effect of the CEO/Chairman on the board. Regarding the independent directors, we can see in table (3) an average of 91% of boards are categorised as 'highly independent board of directors'. This proportion is above the one third independent non-executive directors' requirement suggested by the Jordan Corporate Governance Code (JCGC).

The statistics reveal that the ownership of firms in Jordan is highly concentrated with an average of 63.8%. This result is comparable to the 61.96% average concentrated ownership in Saudi Arabian firms reported by (Al-Bassam et al., 2015) with their sample size of 80 listed firms in the Tadawul Stock Exchange. Furthermore, on average, share ownership by local institutional investors accounts for about 39% of Jordanian firms. Foreign ownership, on average, accounts for only a small fraction (17%) of the shares of the 103 firms in the sample, with a maximum of 90.4 per cent.

5.2 Comparing the Means between Family and Non-family Firms

A step to be taken before regression analysis is an independent t-test to ascertain whether the differences of means for all variables used in the analysis between family and non-family firms are statistically significant. Table (4) below presents the means for all selected variables for family and non-family firms. It also presents the mean difference for all data observations, standard error, t-test, and the p-value for the mean differences between family and non-family firms.

Table (4): Comparing the Means between Family and non-family Firms

Variables	Family Mean	Non-Family Mean	Diff-Mean	StD Error	t	Sig (2Tailed)
<i>Panel A</i>						
BOSIZE	7.949	8.379	0.431	0.164	2.628	0.008***
CEODUA	0.232	0.121	-0.110	0.028	-3.869	0.000***
INDTDIR	0.916	0.911	-0.004	0.006	-0.784	0.043**
<i>Panel B</i>						
OWNCON	0.654	0.618	-0.035	0.016	-2.196	0.028**
OWNLOC	0.276	0.521	0.244	0.019	12.33	0.000***
OWNFOR	0.112	0.233	0.120	0.015	7.604	0.000***
<i>Panel C</i>						
FSIZE	7.224	7.514	0.290	0.041	6.916	0.000***
LVEGE	0.293	0.367	0.075	0.160	4.529	0.000***
<i>Panel D</i>						
ROA (%)	0.049	0.582	0.533	0.395	0.348	0.178
Tobin's Q	-0.012	0.532	0.0659	0.003	213.5	0.000***

*Mean is Significant at 10%. **Mean is Significant at 5%. *** Mean is Significant at 1%.

Basically, the outcomes of an independent t-test inform us of the strength of the association of any two variables. Where the correlation value is closer to 1 or (-1), the two variables are more relevant. The mean difference is calculated by subtracting the mean for the variable in the family firms from the mean for the same variable in non-family firms.

As indicated above in table (4); all variables are statistically significant based on the differences between variable means except ROA. However, there is statistically significant difference between the means in family firms and the means in non-family firms in these variables. Thus, the null hypothesis is rejected.

The following sections offer a descriptive statistical analysis of these variables in family and non-family firms based on the results in Table (4).

Board of Directors

In Panel A, a statistical comparison of board of directors' variables means is made between family firms and non-family firms. The mean for the board size (BOSIZE) for family firms is slightly different from non-family firms, 7.94 and 8.37 respectively. The reason behind the small size of the board of family firms, suggests Ward (1991), is that family firms prefer smaller boards since the individual commitments are subject to dispersion in larger boards. Navarro and Anson (2009) states that families may be reluctant to increase the size of the board in order

to maintain control, and facilitate communication when making decisions, and thus reduce the problem of free-riding.

Also, CEO duality in family firms can improve firm performance by having the same person hold both the CEO and chairman in an organisation. The table shows that the mean of CEO duality for family firms is 23% compared to 12% for non-family firms and the difference is statistically significant at the 1% level. The comparison is consistent with the findings by Bartholomeusz and Tanewski (2006) and Chen et al. (2005) that CEO duality is more likely in family firms than in non-family firms.

Regarding independent directors, both family and non-family firms have roughly the same mean percentage, 91.6% and 91.1 % respectively. The differences are statistically significant at the 5% level, which means that Jordanian firms have a higher percentage of independent directors. Thus, the mean composition of boards having 91% of independent directors' means that Jordanian firms whether family firms or non-family firms tend to have at least seven independent non-executive directors on their board. Hence, the board of directors with more executive directors is more likely to approve board decisions without challenging each other at the expense of shareholder interests, as argued by Fama (1980).

Ownership Structure

The data in Panel B of the table refers the differences in ownership structure between family firms and non-family firms. We can note that the average of concentrated ownership in family firms is 65.4%, which is higher than the average concentrated ownership of 61.8% for non-family firms. This is logically acceptable because most equity in family firms is owned by one family. The mean differences are statistically significant at the 5% level.

In contrast, non-family firms have a higher proportion of shareholdings by OWNLOC (local companies and government ownership). On average, 52% of shares in non-family firms are owned by domestic institutional investors compared to an average of 27.6 in family firms and the mean differences is statistically significant at the 1% level. Furthermore, we can notice that in our sample, the mean of foreign ownership in non-family firms is 23.3%, which is higher than family firms, where it is only 11.2%. This implies that institutional investors regardless of whether foreigners or locals prefer non-family firms to family firms when investing their money in Jordanian firms. As explained by Fernando, Schneible and Suh (2014), principal-principal problems are more prevalent in family firms. They argue that institutional investors

are better able to recognise this problem in family businesses implying that family firms are less attractive to institutional investors who are now an increasingly important source of capital.

Control Variables

Panel C reveals that non-family firms on average are slight larger in size, as measured by the logarithm of the total assets, compared to family firms. The natural logarithm transformation is applied to obtain the normality distribution. The mean difference for non-family firms and family firms is statistically significant at the 1% level. According to Al-Haddad et al. (2011) study a sample of 44 Jordanian firms listed in ASE over the period 2000- 2007. They found that the firm size means reached (7.01). It is indicated from the means of firm size in our sample, where non-family firms are larger than family firms that the size of the firms in general increased through the study period; this means that overall Jordanian firms are growing slowly.

Non-family firms are also comparatively older than family firms with an average age of 22.1 years compared to 19.3 for family firms. The means of firm size and age suggest that family firms need more time to expand their business from a small independent firm to a business group. The table also reveals the means difference of leverage between family firms and non-family firms. In this study, we measure leverage by the long term debt to total assets proxy. The finding reveals that non-family firms have a higher mean leverage than family firms, 36.7% and 29.3% respectively. Hence, we expect higher debts for non-family firms in order to monitor and enhance corporate performance through limiting individual consumption, as Jensen (1986) claimed. While in family firms we expect lower debts in order to prevent debt default risk.

Financial Performance

Contrary to the findings of significant differences as reported in Table (4), we can see that there is a lack of significant differences in the accounting performance (ROA) of family and non-family firms. In Panel E, the averages of ROA for family firms are 4.90% and 5.82% for non-family firms, indicating that non-family firms are more gainful than non-family firms. Except for the mean differences in the ROA, the differences in the mean of Tobin's between these two types of firms are statistically significant. However, Tobin's Q for family firms at -0.012 is lower than of 0.532 for non-family firms. Further, we can note that the Tobin's Q mean

value is less than 1, in both types of firms, suggesting that the market failed to create good shareholder value. This result largely reflects that the performance measurement correlates with the firm size variable.

5.3 Correlation Coefficient Matrices

This section presents the correlation between the corporate governance mechanisms and financial performance variables by using the Pearson correlation test (See Tables See Tables 5, 6 and 7). Before regression analysis, the correlation coefficient analysis is conducted to test the relationships between the dependent and independent variables (Rahman & Ali, 2006). Further, it is important in order to check for possible multicollinearity “one-to-one relationship” between corporate performance and the explanatory variables in empirical models. Table (6) presents the Pearson correlation coefficients for non-family firms, and Table (7) presents the Pearson correlation coefficients for family firms in the study.

The tables state the correlation matrix between the explanatory variables for the full sample, family firms and non-family firms. In general, no multicollinearity is observed between them. Only a few variables reveal relatively higher correlations, but still, do not correlate more than 0.8 or 0.9. In all tables the findings are jointly significant at a 1% and 5% level of significance.

Table (5) Pearson Correlation Coefficients for all firm variables

** Significant at 1%; * significant at 5%.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1)BOSIZE	1									
2)CEODUA	.011 0.761	1								
3)INDTDIR	-.064 0.085	-.331** 0.000	1							
4)OWNCON	-.197** 0.000	-.142** 0.000	.105** 0.005	1						
5)OWNLOC	.084* 0.024	-.207** 0.000	.172** 0.000	.397** 0.000	1					
6)OWNFOR	-.011 0.749	-.053 0.154	.051 0.169	.160** 0.000	.380** 0.000	1				
7)FSIZE	.305** 0.000	-.0832* 0.025	-.026 0.483	0.066 0.076	.238** 0.000	.252** 0.000	1			
8)LEVERA GE	-.213 0.567	-.072 0.051	.073* 0.046	-.107** 0.004	.105** 0.004	.054 0.146	.365** 0.000	1		
9)ROA	.052 0.156	-.046 0.215	.009 0.798	.151** 0.000	.123** 0.000	-.024 0.509	.156** 0.000	-.199** 0.000	1	
10)TQ	.094* 0.011	-.133** 0.000	.023* 0.044	-.108** 0.003	.391** 0.000	.275** 0.000	.238** 0.000	.175** 0.000	0.039 0.288	1

Table (6) Pearson Correlation Coefficients for non-family firm variables

** Significant at 1%; * significant at 5%.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1)BOSIZE	1									
2)CEODUA	-.048 0.384	1								
3)INDTDIR	-.022 0.681	-.363** 0.000	1							
4)OWNCON	-.094 0.086	-.149** 0.006	-.060 0.277	1						
5)OWNLOC	-.043 0.435	-.167** 0.002	.197** 0.000	.745** 0.000	1					
6)OWNFOR	-.141** 0.010	.083 0.129	-.089 0.104	.285** 0.000	.345** 0.000	1				
7)FSIZE	.297** 0.000	-.102 0.062	.079 0.150	-.030 0.584	.144** 0.008	.234** 0.00	1			
8) LEVERAGE	.218** 0.000	-.152** 0.005	.109* 0.046	-.241** 0.000	-.052 0.342	.054 0.326	.505** 0.000	1		
9)ROA	.092 0.093	-.065 0.239	-.016** 0.008	.203** 0.002	.161** 0.003	-.040 0.468	.186** 0.000	-.273** 0.000	1	
10)TQ	.071 0.196	.097 0.079	.059 0.288	-.935** 0.000	-.71** 0.000	-.26** 0.000	.020 0.718	.172** 0.001	-.161** 0.003	1

Table (7) Pearson Correlation Coefficients for family firm variables

** Significant at 1%; * significant at 5%.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1)BOSIZE	1									
2)CEODUA	.071 0.160	1								
3)INDTDIR	-.134** 0.007	-.381** 0.000	1							
4)OWNCON	-.271** 0.000	-.173** 0.000	.276** 0.000	1						
5)OWNLOC	.116* 0.021	-.166** 0.001	.238** 0.000	.213** 0.000	1					
6)OWNFOR	.101* 0.045	-.132* 0.012	.364** 0.000	-.007 0.880	.186** 0.000	1				
7)FSIZE	.342** 0.000	-.016 0.742	-.165* 0.000	.226** 0.000	.164** 0.001	.138** 0.009	1			
8) LEVERAGE	-.243** 0.000	.021 0.674	.054 0.286	.057 0.256	.122* 0.015	-.098 0.050	.142** 0.003	1		
9)ROA	-.013 0.789	.157** 0.001	-.13** 0.008	.137** 0.006	.009 0.855	.114* 0.023	.322** 0.000	-.173** 0.000	1	
10)TQ	.184** 0.000	.187** 0.000	-.30** 0.000	-.908** 0.000	-.26** 0.000	-.057 0.256	-.226** 0.000	-.055 0.275	-.098 0.051	1

Using the analysis above, table (6) and (7) reveals that the concentration ownership has a significant and positive correlation with ROA, in family and non-family firms, at the 1% significance level. The coefficient indicates that if a family or a small number of shareholders continues to own and keep the firm shares, this will adversely affect the performance of the firm, perhaps because one of the most effective way to reduce conflicts of interests and maximise value in firms is to increase the proportion of concentrated ownership of the firm's shares, as argued by Ke and Isaac (2007). Local institutional investors are significantly negatively related to performance (Tobin's Q), suggesting that their ability to control and contribute to strengthening corporate governance is not effective, in family and non-family firms. As for foreign ownership, it is significantly negatively related to Tobin's, in non-family firms. While, there are significant positive correlations between foreign investors' and ROA in family firms, with a value of 0.114. This means that foreign investors have an impact on firm performance.

Table (6) and (7) also shows that there is a positive correlation between CEO duality and ROA and Tobin's Q, in family firms, suggesting that when the positions of CEO and chairperson are in the hands of one person, that person is likely to participate and assist in the decision-making process. Conversely, the analysis reveals that CEO duality does not influence financial performance of non-family firms. For independent non-executive directors, the correlation analysis further suggests a significant and negative relationship between independent directors

and ROA, in family and non-family firms, with correlations of -.133 and -0.016 respectively, which means that independent directors have a negative influence on performance, which is not expected. However, these results do not reflect the full results of the study, which need to include more comprehensive statistical analyses. On the other hand, these results can be used as a comparator with the conclusion of a collective analysis of all the results of the statistical methods used. These relationships need to be tested again in the multivariate analysis, as many other factors need to be accounted for into.

We can see clearly that there is a negative correlation between leverage and ROA, in family and non-family firms, that shows how efficiently the firm is using its current assets. The correlation value is -0.178 and -0.273 respectively. The tables also reveal that firm size was positively and significantly correlated with performance, at the 1% significant level, in both family and non-family firms.

6. Discussion of regression analysis results

This section explains the main results which were drawn from pooled-OLS regression analysis of the relationship between financial performance as a dependent variable measured by ROA, Tobin's Q and corporate governance mechanisms as independent variables comparing family and non-family firms.

The following table presents the overall results for the effect of corporate governance (namely; board of directors, ownership structure and control variables) on financial performance measured by return on assets (ROA) as an independent variable comparing family and non-family firms. The results are jointly significant at 1%, 5% and 10% of significance. It should be noted that R-squares for the ROA range from 5% to 38% for family and non-family firms. For table Tobin's Q, the R- squares in the same range, 9% and 19% for family and non-family firms, respectively.

Table (8): The relation between corporate governance mechanism and Tobin's Q

* Significant at 10%; ** significant at 5%; ***significant at 1%, regressions with robust standard errors.

Tobin's Q						
Variables	All Firms		Family Firms		Nonfamily Firms	
	Coef.	P(Sig)	Coef.	P(Sig)	Coef.	P(Sig)
BOSIZE	.050	0.320	-.075	0.034**	.350	0.234
CEODUA	.013	0.431	.014	0.044**	.100	0.323
INDTDIR	.028	0.084*	-.014	0.070*	.941	0.088*
OWNCON	-.030	0.482	-.063	0.000***	-.304	0.286
OWNLOC	.044	0.167	-.027	0.040**	.457	0.045**
OWNFOR	.064	0.001***	.012	0.057*	.491	0.009***
FSIZE	.027	0.022**	.087	0.891	-.096	0.102
LEVERAGE	.046	0.044**	-.091	0.540	.154	0.322
R-squared	0.2723		0.0984		0.1944	
Prob> F, chi2	0.000		0.000		0.000	
Observations	721		392		329	

Table (9): The relation between corporate governance mechanism and ROA

* Significant at 10%; ** significant at 5%; ***significant at 1%, regressions with robust standard errors

ROA						
Variables	All Firms		Family Firms		Nonfamily Firms	
	Coef.	P(Sig)	Coef.	P(Sig)	Coef.	P(Sig)
BOSIZE	-.321	0.050**	-.024	0.021**	.121	0.786
CEODUA	-.048	0.274	.000	0.803	-.325	0.010***
INDTDIR	.021	0.094*	.073	0.283	.291	0.067*
OWNCON	.215	0.022**	-.036	0.353	-.262	0.511
OWNLOC	.120	0.137	-.001	0.708	.534	0.157
OWNFOR	.233	0.034**	.030	0.024**	.257	0.018**
FSIZE	.215	0.000***	.018	0.121	.382	0.000***
LEVERAGE	-.656	0.000***	-.014	0.015**	-1.46	0.000***
R-squared	0.1853		0.0559		0.3811	
Prob> F, chi2	0.000		0.000		0.000	
Observations	721		392		329	

6.1 Board of Directors

As shown in Tables 8 and 9, in family firms the board size has a negative and significant impact on the performance measured by the ROA, which supports the first hypothesis that there is a negative relationship between board size and corporate performance. This negative relationship indicates that when the board size increases, the performance of the family firms will decrease. This is consistent with previous studies such as Bennedsen, Kongsted & Nielsen (2008) and Haslindar & Fazilah (2011). Similarly, however, when financial performance is measured by Tobin's Q the table shows a negative and significant association of the board size with corporate performance. Regarding non-family firms, the results show an insignificant relationship between the size of the board and corporate performance (as measured by the ROA or Tobin's Q). Based on this finding, the hypothesis (*H1*) for non-family firms, which stated that there is a negative relationship between board size and financial performance as measured by ROA or Tobin's Q, is rejected. For family firms, it is partially supported in this study.

Furthermore, the table 8 clearly shows a positive significant relationship between CEO duality and Tobin's Q in the family firms. This finding is consistent with the view that firms in which the CEO and Chairperson roles are combined. Such firms are more likely to have better efficient governance mechanisms, which should contribute to improved performance. Conversely, however, when performance is measured by ROA the result shows an insignificant relationship between CEO duality and corporate performance. Again, based on our findings, Hypothesis (2) for family firms, which stated that there is a negative relationship between CEO duality and firm performance ROA or Tobin's Q, is not supported.

The result for independent non-executive directors' percentage shows a negative and significant impact on Tobin's Q in family firms. The possible explanation for this result may be that firms with higher proportions of independent directors are more likely to experience lower performance because independent directors are unfamiliar with the operations of company business, are not full-time workers in the firm, and are unable to understand the complexities and difficulties facing the company. Another possible explanation may be that the appointees may not have the relevant skills and experience as they are appointed because of a prior relationship with family shareholders, and therefore feel obliged to work for them. Furthermore, based on the accounting-based measure, there is an insignificant relationship between independent directors and ROA in family firms. Based on our findings, Hypothesis (3) for family firms, which stated that there is a positive relationship between independent non-executive directors' and firm performance, is rejected.

In Arab countries including Jordan, the board of directors in family firms are generally controlled by family members. Consequently, the board of directors of such firms are likely to influence firm performance. Regarding non-family firms, the results show a highly positive and significant relationship between independent directors and corporate performance (as measured by the ROA or Tobin's Q). Based on this finding, the Hypothesis (3) for non-family firms, which stated that there is a positive relationship between independent directors' and corporate performance as measured by ROA or Tobin's Q, is supported.

6.2 Ownership Structure

In this sub-section, with respect to family firms, it can be observed from table (8) that the OWNCON coefficient is negative and highly significant in relation to the Tobin's Q performance measure. This shows that when the level of ownership concentration increases, the value of the Jordanian family firms decreases. However, a similar relationship is not significant when corporate performance is measured by ROA. This might be explained by DeAngelo and DeAngelo (2000) who argued that when most of firm shares are owned by family, it motivates them to pursue their own interests rather than the interest of the firm, at the expense of minority shareholders, and thus the poor performance of these firms. Further, large shareholders (concentrated ownership) also negatively affect the corporate performance by choosing less effective governance mechanisms. For example, where the CEO and the chairperson roles are not split, family shareholders have the motivation to continue with poor internal controls to ease their expropriation of the company resources (Lasfer, 2006). Regarding non-family firms, the coefficient on the variable ownership concentration is always negative but has an insignificant influence on the performance (measured by Tobin's and ROA). The result is consistent with the evidence of Demsetz & Villalonga (2001) and Al-Ghamdi & Rhodes (2015) that ownership concentration has no systematic relationship with corporate performance. In conclusion, Hypothesis four is partially supported in this study and for that is failing to reject.

Furthermore, Table 8 also shows that local investors' ownership has a statistically significant at 5 per cent and negative relationship with corporate performance measured by Tobin's Q. This finding does not provide any evidence of the effective role of local investors in Jordan, which is in line with the Khana and Palibu (1999) suggestion on weak domestic institutional monitoring in emerging markets. Also, the result for local ownership and ROA in family firms is consistent with our expectations, as we find the coefficient is negative and statistically

insignificant. Regarding non-family firms, the coefficient on the variable local ownership is always positive and has a significant influence on the performance (measured by Tobin's Q). The possible explanation of this positive relationship can be attributed to the investment decisions that taken by some types of companies such as insurance companies and pension funds that may affect the conduct of management. In the case of Jordan, most of the major domestic institutional investors are banks, insurance companies and pension funds such as the Social Security Corporation Investment Unit. Thus, they are a good example of "pressure-sensitive" institutional investors. However, it is suggested that such investors are not capable of playing an effective monitoring role and commonly have significant business relationships with companies. Thus, pressure-sensitive investors are less likely to act as effective monitors than pressure-resistant investors.

In sum, this study suggests that both family and non-family firms with higher level of local investors' ownership have higher performance. This is shown in the relationship between of local investors' ownership and Tobin's Q in Table 8. This result suggests that, as local ownership increases, the motivated and efficient to monitor management by domestic institutions increases, which leading to higher performance (McConnell and Servaes, 1990; Shleifer and Vishny, 1997).

Foreign ownership in family and non-family firms indeed has a positive and significant impact on ROA and Tobin's Q in Jordan. This is seen in the positive and statistically significant coefficient on OWNFOR. In this case, there is a relationship between foreign ownership and corporate performance, supporting Hypothesis (6). This can be interpreting as: an increase of 1 percentage of the foreign ownership results in a 3 % increase in the ROA. A similar relationship is found in family firms when financial performance is measured by Tobin's Q.

6.3 Control Variables

Our results as shown above in Table 9, the firm size has a positive and significant relationship with ROA in non-family firms. This variable has been used by many empirical studies (such as Boone et al., 2007; Segarra & Teruel, 2007; Hadlock and Pierce 2010). These studies confirm that firm performance can vary depending on the size of the firm. For the firm size, increase in firm's asset base should lead to improved performance and this should be the case if the firm make maximum use of its assets. This positive relationship suggests that larger firms can benefit from economies of scale and scope than those small one (Joh, 2003). Regarding family firms, the firm size has an insignificant relationship with ROA and Tobin's Q.

The tables 8 and 9 shows that the leverage variable has a negative and significant impact on the performance of firm as measured by ROA in family and non-family firms. Myers (1977) argues that the high levels of leverage may adversely affect the performance of the firm in accordance with the problem of lack of investment. This is due to the increase in financial leverage would hamper the company's ability to raise new debt. This result is consistent with studies. For instance, Tong and Ning (2004) found that that highly leveraged for firms reflect a negative indication that the firm do not have the ability to face future financial risks.

7. Conclusion

The main objective of the study was to examine the relationship between corporate governance mechanisms and financial performance of family and non-family firms in Jordan. The study found that board size both in term of Tobin's Q and ROA has a negative relationship with the performance of family firms. Conversely, the board size in non-family firms has no systematic relationship with corporate performance. There is a strong relationship between corporate performance and independent directors in non-family firms whether corporate performance is measured as Tobin's Q or ROA. In addition, we found some evidence for a relationship between performance and independent directors in family firms. The results support the view that CEO duality is important for family firm performance.

Our results also show that ownership concentration has an insignificant correlation with corporate performance as measured by Tobin's Q and ROA. On the contrary, ownership concentration in family firms has a negative and significant correlation with Tobin's Q. There is a significant relationship between local investors' ownership and corporate performance as measured by Tobin's Q in family and non-family firms. This is in contrast to the findings for ROA in family and non-family firms. However, the findings strongly support the view that foreign investors are positively impact the performance of family and non-family firms.

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