Composition of Corporate Governance Mechanism and Performance in Emerging Economies: The Mexican Case

Juan M. San Martin-Reyna[1]
Jorge Alberto Durán Encalada[2]

Cómo citar este artículo: Millán, A. (2022). Composition of Corporate Governance Mechanism and Performance in Emerging Economies: The Mexican Case. *Sinapsis* 14 (1), 50 -.73.

Abstract

This research examines the mediation of corporate government mechanisms in the relation of family control variables (family ownership, family CEO, and its composite) and market performance. The study includes a sample of 64 Mexican listed firms for a period of 14 years (2005-2018). After confirming the positive relationship between the family control variables and performance, the study analyzes how the board size, the participation of independent directors on the board, and the debt level intervene in that relationship. The results show to what extent those corporate mechanisms become a substitute or complement each other in creating value in Mexican family firms.

Keywords: Family firms, value creation, corporate governance mechanisms, complementarity, Mexico.

Resumen

Nuestro trabajo analiza los mecanismos de gobierno como mediadores en la relación entre las variables de control familiar (propiedad familiar, CEO de la familia y su composición) y la creación de valor. El estudio incluye una muestra de 64 empresas que cotizan en la bolsa mexicana de valores durante un período de 14 años (2005-2018). Tras constatar la relación positiva entre las variables de control familiar y creación de valor, el trabajo analiza cómo intervienen en esa relación el tamaño del consejo, la participación de consejeros independientes y el nivel de endeudamiento. Los resultados muestran en qué medida esos mecanismos de gobierno se comportan como corporativos sustitutos o complemento en la creación de valor de las empresas familiares mexicanas.

Palabras clave: empresas familiares, creación de valor, mecanismos de gobierno corporativo, complementariedad, México.

JLE Codes: G00; G30; M00; M20.

[1] Profesor-investigador. Universidad de las Américas Puebla. Escuela de Negocios y Economía. Correo electrónico: juanm.sanmartin@udlap.mx
[2] Universidad Popular Autónoma del Estado de Puebla. Profesor-Investigador. Correo electrónico: jorge.duran@udlap.mx

Abstract

This research examines the mediation of corporate government mechanisms in the relation of family control variables (family ownership, family CEO, and its composite) and market performance. The study includes a sample of 64 Mexican listed firms for a period of 14 years (2005-2018). After confirming the positive relationship between the family control variables and performance, the study analyzes how the board size, the participation of independent directors on the board, and the debt level intervene in that relationship. The results show to what extent those corporate mechanisms become a substitute or complement each other in creating value in Mexican family firms.

1. Introduction

The importance of the family firm seems to be a constant fact of the economic system around the world (Motwani, 2016). A recent research in Mexico shows that 83% of companies are family firms, contribute with 60% of GDP and provide 67% of total employment (San Martín-Reyna and Durán-Encalada, 2017). In this work, we try to relate family firms' performance to variables that represent family control. In addition to ownership as an indicator of control, we used the participation of ownership in the company direction, namely as CEO of the company, and a composite that combines the effect of both variables, ownership and owner-CEO duality. We include as moderating variables the characteristics of the board in terms of size and composition, and the level of indebtedness of companies. To conduct this research, the study considers a sample of 64 public firms in the Mexican Stock exchange market during a period of 14 years.

The effect of family firms and some characteristics of their corporate governance structures on performance is a topic that has been examined in various countries (De Andres, Azofra and Lopez, 2005; Miller, Le Breton-Miller, Lester and Cannella, 2007). Also, in Mexico, this association has been analyzed to a certain extent (Chong and Lopez de Silanes, 2006; Esparza, García and Duréndez, 2009; San Martín-Reyna and Durán-Encalada, 2012; Watkins, 2017).

Mexico is an interesting country in which to study these topics because the most dominant companies in the country, regardless of size, are owned and managed by one or more families who are descendants of the founding family (Castañeda, 2000). High ownership concentration and conglomerate structures also have an important effect on board composition.[3] Most board members in Mexican companies are related to controlling shareholders through family ties, friendship, business relationships and labor contracts. According to Castañeda (2000), in most Mexican firms, the president of the board is usually the main stockholder and the CEO, therefore, he or she practically does not have opposition from independents board members.

Demsetz (1986) explains that there is a relationship between ownership concentration and firm-specific risk, i.e., firms with higher volatility have greater incentive to be monitored and therefore to concentrate property. Thus, Demsetz (1986) research findings could be applied to firms in

[3] A conglomerate is a group of firms linked to each other through ownership relations and controlled by a local family, or a group of investors. Usually, dominant shareholders through relatively complex structures, including the use of pyramids, cross-holdings and dual class shares, control the conglomerates (Castañeda, 2000).

emerging markets, which tend to have higher volatility, and thus concentrate property to maintain control and mitigate risk. In this context, the choice of maintaining company in the hands of the family is a rational decision. These characteristics mean a lower ownership and control separation as compared to Anglo-Saxon companies. On the one hand, agency problems stemming from ownership and control separation could be smaller than in Anglo-Saxon companies. However, on the other hand, some problems such as risk concentration, less specialization (managers' ability, specific investment, etc.) or minority shareholders' expropriation could arise (De Andres, Azofra and Lopez, 2005).

This research departs from analyzing the association of family ownership and management with performance in listed family firm in Mexico. However, for the first time, in this research we bring together internal and external aspects of corporate governance and their relationship with performance. In this way, we respond to Gedajlovic, Carney, Chrisman and Kellermanns's (2012) recommendations to explore the moderating factors of board structure and debt in an emerging country characterized by relative institutional voids (capital markets, law enforcement, government authorities, and infrastructure).

As a first research question in relation to board structure, we examine how the size of the board affect its capacity to oversee performance, as larger boards seem to become unable of reaching an agreement on different relevant issues connected with performance. Secondly, through their impact on performance, we question whether a larger participation of independent directors moderates family ownership concentration avoiding the expropriation of minority shareholders. Thirdly, we examine the effect that debt, as an external market mechanism, acts as an important external governance control for management discretion, leading to better performance. Finally, we explore and unveil the complementarity effects between board characteristics and debt as moderator factors in the relationship between family firms and performance.

In what follows we present a review of the relevant literature that leads this research to set up hypotheses. Then, the methodology describes the sample, data and regression analyses conducted. Finally, we present the results of this research, including its limitations and ideas for further research on these topics.

2. Literature review

2.1 Family firm definition

We can trace the current definitions of family business back to the three-dimensional segmentation of Tagiuri and Davis (1982), who recognize the family business as an organization where they find a three-dimensional evolutionary model in the intersection of family, business and property.

Later, two main perspectives are identified about what is considered a family business: "Components of involvement" and "Essence" (Chua, Chrisman and Sharma, 1999). The vast majority of researchers use a kind of components of involvement definition, and this emphasizes family involvement in ownership, governance structures, management, and a desire for a transgenerational succession, to define the family business (Avloniti, Iatridou, Kaloupsis and Vozikis, 2013).

For Colli, Fernández-Pérez and Rose (2003) the following conditions must be present for a family enterprise: a family member is the executive president, there are at least two generations of family control, and a minimum of five percent of the right is a family property. For Miller and Le Breton-Miller (2003) the family business is defined as one in which a family has sufficient property to determine the composition of the board, in which the CEO and at least one other executive is a family member.
In some legal contexts, effective control may require an absolute majority of votes to be concentrated in the hands of the family. In others, the use of dual-class shares can provide effective control with significantly less that majority equity. Strategic control of a company's assets can also be achieved with low levels of ownership through the creation of pyramids and cross-shareholdings (Claessens, Djankov and Lang, 2000). In addition, the existence of pacts may allow the family to appoint CEOs or board members. Therefore, a single or universal definition of family business can be misleading because it cannot considerate fundamental differences about institutional frameworks. This makes sense in the case of Mexico, where property is highly concentrated and, therefore, families play an essential role in decision-making.

Then, following the criterion of components of involvement, we consider a family firm that where a majority of the property is in the family hands, that is, when the family property is above 50 percent, and some member of that family occupies a management position (San Martín-Reyna and Durán-Encalada, 2012).

2.2 Family firms and value creation

2.2.1 Family ownership concentration

Jensen and Meckling (1976) argue that a firm value correlates positively with the level of managerial ownership because of reduced agency costs and increased alignment of interests between managers and shareholders. The authors argue that property control can be advantageous because family firms have a longer investment horizon, so it will take long-term profitable projects, because they want the company to persist and be inherited to family members.

Indeed, most research has shown that companies with high ownership concentration have a lower cost of supervision, due to lower agency costs, achieving greater efficiency, productivity and maximizing the value of the company (Anderson and Reeb, 2003; Claessens, Djankov and Lang, 2000; Demsetz and Lehn, 1985; James, 1999; Miller, Le Breton-Miller and Lester, 2013).

Nguyen, Locke and Reddy (2015) study the relationship between ownership concentration and financial performance in Singapore and Vietnam, and find that the performance effect of concentrated ownership persists in these markets. In other words, as Torres, Jara and López-Iturriaga (2017) argue for the emerging Chilean economy, higher levels of separation between ownership and control rights decrease performance in family firms.

To complement this review of association of ownership and firm value, we consider three other connected situations. These include the fact that families firms do not only pursue economic objectives, the case of lone-founder, and the presence of non-linear relationship.

It is widely recognized the importance of socioemotional wealth (SEW) objectives for family firms (Berrone, Cruz and Gómez-Mejía, 2012; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson and Moyano-Fuentes, 2007; Zellweger, Nason, Nordqvist and Brush, 2013). However, research has shown that owners are most of the times able to find ways to accommodate or fit a balance between these objectives and economic ones (Basco, 2013, 2014; Kammerlander, Sieger, Voordeckers and Zellweger, 2015; Schepers, Voordeckers, Steijvers and Laveren, 2014).

A lone founder business is that in which an individual is one of the company's founders with no other family member involved (Miller, Le Breton-Miller, Lester, and Cannella, 2007). In addition to agency theory, Miller, Le Breton-Miller and Lester (2009) find the lone founder's embeddedness, stewardship, as reason for this higher performance, as well as their entrepreneurial orientation and higher level of reinvestment (Miller, Le Breton-Miller and Lester, 2011). In a similar way, Diéguez-Soto and López-Delgado (2015) find that lone-founder firms perform better than family businesses in a private firm context.

Some authors have found a non-linear relationship between family ownership and performance. Pindado, Requejo and De la Torre (2014) find an inverted U-shape relation between family control and firm value. The inverted U-shape relation is due to protection reasons. In contexts, where investor protection is weak, family control has initially a positive impact on performance, up to a certain point where too much ownership is detrimental to firm's performance.

Finally, because of this review we can expect a positive relationship between the level of family ownership and economic performance.

2.2.2 Role of family management

Extant research shows that as regards economic performance, listed family firm outperform non-family firms when a family member serves as CEO (Anderson and Reeb, 2003; Andres, 2008; Barontini and Caprio, 2006; García-Castro and Aguilera, 2014; Maury, 2006; Mazzi, 2011; Sraer and Thesmar, 2007).

Audretsch, Hülsbeck and Lehmann (2013) establish that monitoring by family members is an efficient device of management control in German firms for achieving better financial results. This is due to the familiness (intrinsic knowledge of the firm's idiosyncrasy) and family commitment that externals or nonfamily members cannot bring into these firms. Similarly, Diéguez-Soto y López-Delgado (2015) analyze the effects of family on the performance of non-listed firms; their findings show when family business have ownership concentration and non-family management, their performance is lower than other firms. Likewise, from a behavioral agency perspective, Miralles-Marcelo, Miralles-Quirós and Lisboa (2014) suggest that family CEOs, through their desire to maintain socio-emotional wealth in Portuguese and Spanish listed firms, look for assuring the firm's performance and survival.

Watkins (2017), in a study of listed firms in Mexico, argues that family CEOs can reduce conflicts between managers and shareholders, which is beneficial for the firms. A family member CEO is more committed to the company, and usually has more experience and information on the business (Bertrand and Schoar, 2006; Sitthipongpanich and Polsiri, 2015).

As the above studies show, there is wide evidence about a positive effect of ownership and management concentration of families on firm's performance. Therefore, the following initial hypothesis can be established:

H1: There is a positive relationship between family control variables (percentage ownership, CEO-owner duality, and its composite) and performance.

2.3 Corporate governance and value creation

Within the study of corporate governance, much of the empirical work in this area has focused on the design of governance mechanisms to motivate managers to make choices leading to the value creation in the company. The board of directors occupies an intermediate position between owners and managers whose members are elected by the first to monitor and limit the freedom decision of the second. A number of empirical studies have explored the effectiveness of the board as a supervisor in the process of maximizing shareholder value. In analyzing the effectiveness of board role, researchers have focused on two main issues, the size and composition of these governance bodies, to which we turn now.

2.3.1 Size of the board

The size of the board is one of the main features that has been studied as determinant of value creation. Most of the empirical evidence shows a negative relationship between board size and firm value (Anderson and Reeb, 2003; De Andres, Azofra and Lopez, 2005). Sáenz and García-Meca (2014) examine the relation between the internal mechanisms of corporate governance and earnings management and show that in the Latin American context the size of the board is positively related to the earnings management. They argue that the size of the boards create problems of communication and coordination that decreases the monitoring of the management team.

Some authors find a non-linear relationship between board size and value creation. Thus, Fernandez, Gómez-Ansón and Fernandez (1998) find that as the board initially increases in size it tends to favor the effectiveness of the board, increasing the Tobin's Q, but after a certain point, the inverse occurs, suggesting that problems of coordination and communication appear to outweigh the benefits of closer supervision and control of greater boards. Finally, García and García (2011) find that board size has a positive effect on firm performance when the company is under founder leadership and opposite; the effect is negative on performance when the manager is not the founder. Therefore, we set up the following hypothesis:

H2: For firms with smaller boards, the family control variables (ownership, CEO duality, and its composite) have a positive influence on performance.

2.3.2 Influence of board composition

The presence of independent directors on the board has an effect on firm performance. Several studies on corporate governance have observed that independent or outside directors help firm performance and value in general in family firms in most countries (Giovannini, 2010; Setia-Atmaja, Tanewski, and Skully, 2009; Zhu, Ye, Wu and Chan, 2016). This takes place despite the

fact that family firms are likely to have a lower proportion of independent members than non-family firms (Simões, 2014).

The advantages of external directors in widely held family firms are clear, as they are better able to monitor firm performance, oversee discipline, or even dismiss managers when they are not beholden to the firm (Anderson and Reeb, 2004; Schulze, Lubatkin and Buchholtz, 2001). Although the shareholder directors could contribute with their valuable knowledge and experience, outsiders' directors will tend to exercise a supervisory function of the managers oriented towards the maximization of the firm value (Brenes, Madrigal and Requena, 2011; García, 2003; Rathish and Bhattacharya, 2017). In addition, their influential role is usually based on better access to information that leads to greater credibility with top managers (Fogel, Ma and Morck, 2014).

However, the influence of external directors may have some limitations. Basco and Voordeckers (2015) argue that the relationship between outside directors and firm performance follows an inverted U-shape, and that both business-oriented and family-oriented board are positively related with firm performance. Audretsch, Hülsbeck and Lehmann (2013) highlight a healthy relationship between family and external directors, the latter as conveyors of the interests of outside investors, when they assert that "judging by the lack of evidence for curvilinear effects it could pay out to allow for family outsiders on the supervisory board" (p.127).

Some authors find another limitation in the role of external directors. After examining the relation between the internal mechanisms of corporate governance and earnings management in the Latin American context, Sáenz and García-Meca (2014) argue that the role of external directors, mainly grey directors (those who maintain some kind of family or professional relationship -present or past- with the company or its top management), is limited. Moreover, Watkins (2017) finds that board independency have a negative effect on family firm value. She explains that the definition of independency in Mexico does not take into account the fact that board members tend to be related to other firms of the same business group, facilitating not the interests of the company itself, but rather the interests of particular directors. In addition, where there is much cronyism, protectionism, and corruption, the long-term orientation of family business may have more to do with co-opting outside directors with political power than with capability creation (Le Breton-Miller and Miller, 2006).

Connected to this limited or dubious contribution of external directors on the board, Crespí-Cladera and Pascual-Fuster (2014) analyze the characteristics of firms that declare board directors as independents and the consequences in terms of performance. They argue that firms with dispersed ownership structures misclassify or appoint non-strictly independents more frequently than firms with significant shareholders. However, the presence of non-strictly independent directors does not affect several relevant output of the firms, among them, future operating performance.

Given the greater evidence towards a positive contribution of independent directors on value creation, the following hypothesis is set up:

H3: For firms with greater independent directors' representation on the boards, the family control variables (ownership, CEO duality, and its composite) have a positive relation with performance.

2.4 Financial leverage and value creation

On the financial arena, the corporate governance literature points to two advantages of company's indebtedness. On the one hand, the free cash flow hypothesis posits that agency problems are connected with cash flow distribution (Jensen, 1986). This flow represents resources that exceed the amount needed to finance all profitable investment projects as debt forces managers to channel these resources to avoid inefficient investments and over investments. Second, an increase in leverage may result in a better investment decision, since the possibility of a bankruptcy in the company induces managers to adopt behavior that tries to reduce the probability of such bankruptcy. In this way, managers will orient their decisions more effectively towards the objective of creating value. Thus, a way to safeguard the value of the firm and discipline inefficient managers is to issue debt, so that managers lose control over free cash flow (De Andres, Azofra and Lopez, 2005; Jensen, 1986).

In particular, in family firms, Simões (2018) finds evidence that the presence of leverage in these firms have a more significant impact on the performance in periods of economic adversity. Hillier, Martinez, Patel, Pindado and Requejo (2018) argue that the debt contracts for family firms will be more lenient than those required for non-family firms because risk aversion and a long-term orientation alignment the interests between family firms and lenders.

Nevertheless, other studies have reported contrasting results, as Carney, Van Essen, Gedajlovic, and Heugens (2013) find that reliance on debt by first generation private family firms harms their performance, and in successive generations family firms become more averse to acquiring debt. Among the most important reasons for abstaining from debt is the effect it can have on diminishing family control (Anderson and Reeb, 2003), compromising long-term investments (Smith and Warner, 1979), and the possibility that debt can exacerbate family conflict (Gómez-Mejía, Cruz, Berrone and De Castro, 2011).

Finally, Mulyani, Singh and Mishra (2016) examine the roles of leverage to mitigate agency problems in family firms and argue that compared with non-family firms, family firms tend to maintain higher leverage. Simões (2014), argue that family firms are more indebted and have higher debt costs than non-family firms but they present lower levels of risk.

Based on the literature on this issue, the following hypothesis can be presented:
H4: For firms where leverage is larger, the family control variables (ownership, CEO duality, and its composite) have a positive effect on performance.

3. Methodology

3.1 The sample and data collection

The sample includes the total number of the companies listed in the Mexican Stock Exchange for the period 2005-2018. We obtained the annual reports and financial indicators from Economatica and Isi Emerging Markets. Information about the industrial sector was obtained from the Mexican

Stock Exchange website. Of the 145 total companies, we remove non-profit companies and firms that do not include enough information in their financial statements, as well as financial institutions.

The final sample consists of 896 observations or 64 firms over an eleven years' period. The firms selected are the most important players in the different sectors of the Mexican economy. Following Mishra, Randoy and Jenssen (2001), we used three indicators of family control. We measure family control by: (1) a binary variable Family CEO that equals 1 if the CEO is a family member; (2) Family Ownership and (3) Family Composite, dummy variable that equals 1 if the firm satisfies at least one of the two indicators above, that is, the CEO is a family member or family ownership is above 50 percent. Financial performance is measured using Tobin's Q ratio or the market-asset value to book-value ratio. It is common in the literature on corporate governance to use this measure as an approximation of Tobin's Q (San-Martín-Reyna and Durán-Encalada, 2012).

Another important aspect of the study are the mediator variables: *Board Size, Board Independence,* and *Leverage. Board Size w*as measured as the number of directors on the board, *Board Independence* as the percentage of independent outside directors on the board, *Leverage* as total liabilities divided by total assets. The control variables are: *Sales, Size, Age, ROA. Sales* was defined as the average growth in sales over the last year, *Size* was measured by the logarithm of total assets, *Age* was the number of years since the company was founded, and *ROA* was measured as return on assets.

Table 1 shows our companies sample classified by sectors and segmented by family and non-family firms. As we can see in Table 1, the sample composition is quite industry-balanced, although there is a slight bias toward industrial and common consumer products firms at the expense of health or telecommunications companies. These differences can be explained by a greater participation of the former in the Mexican market. From the total number of companies analyzed, 57.8 percent were considered family and 42.1 percent non-family firms according to our family firm definition.

Table 1. Number and percentage of family and non-family firms by sector

Number and percent of firms by sector according with the Mexican Stock Exchange classification code. Family (Nonfamily) refers to those firms with (without) more than 50% of family

ownership. Percentage of family firms in the industry is computed as the number of family (nonfamily) firms divided by the total number of firms of the sample.

Sector	FAM	NO FAM	TOTAL	% FAM	% NO FAM
Materials	11	5	16	17.1	7.8
Industrial	6	11	17	9.3	17.1
Services and goods of consumer non-basic	8	2	10	12.5	3.1
Common consumer products	4	6	10	6.2	9.3
Health	3	1	4	4.6	1.5
Telecommunications services	5	2	7	7.8	3.1
Total	37	27	64	57.9	42.1

Table 2 shows the descriptive statistics of the variables. As we can see, the importance of family ownership concentration in the Mexican market is high since the average for family ownership is 0.535 and the average for firms with family CEO is 0.551. The average financial leverage in the analysis period is 48 percent of total funding and the average age of Mexican companies is around 45 old years. Profitability shows that companies have obtained an average return on assets of 10.8 percent, accompanied by an annual sales growth of 14.6 percent during the 2005-2018 period. The board size and composition show that the number of directors is close 12, and the outside directors is on average 4.5. Finally, firm size is quite heterogeneous and highly dispersed around the mean value, so the results are not believed to be biased by size issues.

Table 2

Descriptive statistics of the sample

Variables	Mean	Std. Dev.	Min	Max
Famown	0.535	0.22	0.01	0.98
Cfam	0.551	0.497	0	1
Famcomp	0.853	0.351	0	1
Sales	0.146	0.650	-0.99	10.27
Size	51,479	91,500.6	757.4	599,728
Leverage	0.483	0.256	0.0001	2.41
Age	45	30	5	171
ROA	0.108	0.32	-2.26	3.57
Board Size	11.70	3.61	4	22

Board Independence	4.55	2.56	0	14

3.2 Regression Analysis

The sample combines 64 firms with ten cross-sections originating a 896 observations panel data. Given the aim of the study as well as the number of observations, the panel data methodology seems to be the most accurate. However, this estimation assumes that the variables are exogenous and incurs a certain heterogeneity bias. Therefore, a dynamic panel, the GMM, following the Arellano and Bond (1991) methodology, was added. According to the authors, the GMM is appropriate when the sample is large and the time frame is small because when applying the OLS model or panel with fixed or random effects could generate standards errors of parameters estimations that are inconsistent because, by construction, the unobservable effect is correlated with the lag of the dependent variable. To correct this problem, instrumental variables could be applied. Under GMM, the consistency of the estimator depends on the validity of the instruments and the assumption that the difference in error terms does not exhibit second-order serial correlation. To test these assumptions, Arellano and Bond (1991) suggested a Sargan test of over-identifying restrictions, which tested the overall validity of the instruments by analyzing the sample along the moment conditions used in the estimation procedure (Liu and Hsu, 2006), and they also tested the assumption of no second-order serial correlation. The GMM model can control the correlation of errors over time, the heteroskedasticity among firms, simultaneity and measurement errors caused by the use of orthogonal conditions covariance matrix (Espinosa, 2009). With regard to the basic model to be estimated, a multivariate regression model has been built including most of the previously cited variables. This model can be expressed with the following equation (1), where i refers to the firms and t to the year (i = 1….64; t = 1….19).

$$FV = \beta + \beta_1 Familycontrol_{it} + \beta_2 Sales_{it} + \beta_3 Size_{it} + \beta_4 Age_{it} + \beta_5 ROA_{it} + \beta_6 Board\ Size_{it} + \beta_7 Board\ Independence_{it} + \beta_8 Leverage_{it} + \varepsilon_{it} \quad (1)$$

4. Results

As defined earlier, we report three measures of family control: Family Ownership, Family CEO and Family Composite. For each one of these, we regress on Tobin's Q. In each regression model, we control for the following variables: *Sales, Size, Age,* and *ROA.* Hausman test shows the importance of the fixed effects component, so it is necessary control the unobservable heterogeneity. We show the results of the panel data estimation corresponding to these family control variables in Table 3:

Table 3
Results of GMM model based on family control

Variables	Family Ownership	Family CEO	Family Composite

Constant	0.3323	0.7810	0.4058
	[1.83]*	[3.02]**	[0.23]
Famown	0.7098	-0.5387	0.2851
	[3.75]***	[-1.99]**	[4.31]***
Sales	0.0230	0.0507	0.0524
	[0.85]	[1.60]	[1.28]
Size	0.0399	0.0460	0.0166
	[2.89]**	[0.29]	[1.72]*
Age	0.0012	0.0026	0.0011
	[2.19]**	[2.69]**	[1.77]*
ROA	0.0159	0.0224	0.0687
	[0.28]	[0.27]	[1.15]
m1	-5.42***	-5.81***	-6.04***
m2	-0.62	-0.85	-0.52
Sargan Test	7.67	7.87	6.39
Wald Test	16.87**	10.54**	12.42**

Table shows estimated coefficients, t-statistics and p-value. Performance is the dependent variable and is measured using *Tobin's Q* ratios (Q) or the asset market-to book ratio. *Famown* represents the ownership percentage over 50% held by family. Family CEO is a dummy variable where if the CEO is a family member take the value of 1 and 0, otherwise. Family composite is 1, if any one of the two last criteria are met: (1) if the CEO is a family member or if there is a presence of family control of at least 51% of all shares, 0 otherwise. Sales is the average growth in sales. Size is the log of total firm assets, used as proxy for firm size. Return on assets (ROA) measures by earnings over total assets. Sargan test allows testing serial correlation (m1 and m2). Sargan test validates the instruments and Wald test the joint significance of variables. *Significant at 0.10, ** Significant at 0.05, *** Significant at 0.01.

The results in Table 3 show that family ownership and family composite relate significantly in a positive way with performance, confirming partially our hypothesis 1. However, the result from CEO ownership is opposite, because we find a negative and significant relation with performance. Performance associates positively and significantly with company size in the case of family ownership and family composite. Regarding the age variable, in all cases this is positively and significantly associated with performance. For the level of sales and ROA, even though, they behave in the predicted way, these are not statistically significant.

In Table 4, we show the results of introducing in the regression model for the three family control variables the board size:

Table 4
Results of estimation based on family control and board size

Variables	Family Ownership	Family CEO	Family Composite
Constant	0.1767	0.4674	0.2349
	[0.83]	[1.65]	[0.87]
Famown	0.1754	-0.6385	0.1843
	[0.72]	[-2.35]**	[0.75]
Sales	0.0543	0.0494	0.0461
	[1.79]*	[1.57]	[1.82]*
Size	0.0259	0.0398	0.0148
	[1.30]	[1.69]*	[1.24]
Age	0.0021	0.0034	0.0027
	[2.91]**	[3.39]***	[2.96]**
ROA	0.0489	0.0748	0.0576
	[0.82]	[0.89]	[0.73]
Board Size	-0.0680	-0.0762	-0.0793
	[-2.78]**	[-2.55]**	[-2.96]**
m1	-5.72***	-6.02***	-5.72***
m2	-0.69	-0.74	-0.63
Sargan Test	9.32	9.15	8.53
Wald Test	12.47*	13.41*	12.63*

Table shows estimated coefficients, t-statistics and p-value. Performance is the dependent variable and is measured using *Tobin's Q* ratios (Q) or the asset market-to book ratio. *Family Ownership* represents the ownership percentage over 50% held by family. Family CEO is a dummy variable where if the CEO is a family member take the value of 1 and 0, otherwise. Family composite is 1, if any one of the two last criteria are met: (1) if the CEO is a family member or if there is a presence of family control of at least 51% of all shares, 0 otherwise. Sales is the average growth in sales. Size is the log of total firm assets, used as proxy for firm size. Return on assets (ROA) measures by earnings over total assets. Board Size is the number of directors on the board. Sargan test allows testing serial correlation (m1 and m2). Sargan test validates the instruments and Wald test the joint significance of variables. * Significant at 0.10, ** Significant at 0.05, *** Significant at 0.01.

According to the results of Table 4, the size of the board is negative and statistically associated with all family control variables. That is, there is an association of better performance with a smaller board. Therefore, these results prove wholly our hypothesis 2. Again, in almost all cases, the size and age of the companies maintain their positive relationship with performance, except for the case of family ownership with size. The level of sales becomes significant for family ownership and family composite.

In Table 5, we show the results of introducing in the regression model for the three family control variables the board composition:

Table 5
Results of estimation based on family control and board composition

Variables	Family Ownership	Family CEO	Family Composite
Constant	0.4202	0.1419	0.3516
	[2.19]**	[0.56]	[2.37]**
Famown	0.4812	-0.7830	0.5923
	[2.18]**	[-0.31]	[2.34]**
Sales	0.0503	0.0458	0.0514
	[1.76]*	[1.53]	[1.69]*
Size	0.0297	0.0119	0.0385
	[2.44]**	[0.79]	[2.31]*
Age	0.0095	0.0011	0.0018
	[1.57]	[1.19]	[1.36]
ROA	0.0541	0.0647	0.0953
	[0.97]	[0.83]	[0.74]
Board Independence	0.7851	0.7877	0.6342
	[5.67]***	[6.13]***	[6.67]***
m1	-5.87***	-5.80***	-6.21***
m2	-0.23	-0.45	-0.49
Sargan Test	9.42	7.95	9.84
Wald Test	13.32*	11.59*	15.84*

Table shows estimated coefficients, t-statistics and p-value. Performance is the dependent variable and is measured using Tobin's Q ratios (Q) or the asset market-to book ratio. Family Ownership represents the ownership percentage over 50% held by family. Family CEO is a dummy variable where if the CEO is a family member take the value of 1 and 0, otherwise. Family Composite is 1, if any one of the two last criteria are met: (1) if the CEO is a family member or if there is a presence of family control of at least 51% of all shares, 0 otherwise. Sales is the average growth in sales. Size is the log of total firm assets, used as proxy for firm size. Return on assets (ROA) measures by earnings over total assets. Board Independence is the percentage of independent director on the board. Sargan test allows testing serial correlation (m1 and m2). Sargan test validates the instruments and Wald test the joint significance of variables. * Significant at 0.10, ** Significant at 0.05, *** Significant at 0.01.

The results of Table 5 show the important role that the greater presence of independent directors on the boards play in the relationship of all family control variables with performance. Notably, in this case, the relationship of family CEO with performance shows a positive association, even though not statistically significant Thus, these results support totally our hypothesis 3. Size and sales maintain their positive association with performance in family ownership and family composite.

In Table 6, we show the results of introducing in the regression model for the three family control variables the level of indebtedness:

Table 6
Results of estimation based on family control and leverage

Variables	Family Ownership	Family CEO	Family Composite
Constant	0.0755	0.7744	0.0524
	[0.38]	[2.92]**	[0.42]
Famown	0.9435	-0.5743	0.4352
	[0.42]	[-2.21]**	[0.51]
Sales	0.0542	0.0510	0.0237
	[1.78]*	[1.61]	[1.89]*
Size	0.0192	-0.0318	0.0122
	[0.78]	[0.19]	[0.64]
Age	0.0807	0.02593	0.0724
	[1.26]	[2.67]**	[1.37]
ROA	0.1006	0.0113	0.1045
	[1.68]*	[0.12]	[1.75]*
Leverage	0.2525	0.7505	0.5286
	[2.97]**	[0.68]	[3.15]**
m1	-6.11***	-5.79***	-6.37***
m2	-0.38	-0.53	-0.50
Sargan Test	9.24	8.58	8.12
Wald Test	14.32*	15.28*	14.11*

Table shows estimated coefficients, t-statistics and p-value. Performance is the dependent variable and is measured using Tobin's Q ratios (Q) or the asset market-to book ratio. Family Ownership represents the ownership percentage over 50% held by family. Family CEO is a dummy variable where if the CEO is a family member take the value of 1 and 0, otherwise. Family Composite is 1, if any one of the two last criteria are met: (1) if the CEO is a family member or if there is a presence of family control of at least 51% of all shares, 0 otherwise. Sales is the average growth in sales. Size is the log of total firm assets, used as proxy for firm size. Return on assets (ROA) measures by earnings over total assets. Leverage is total liability/total asset that is measured as the book value of debt divided by the book value of total assets. Sargan test allows testing serial correlation (m1 and m2). Sargan test validates the instruments and Wald test the joint significance of variables. * Significant at 0.10, ** Significant at 0.05, *** Significant at 0.01.

As seen in table 6, leverage shows a significant positive association with performance in two of the three cases, family ownership and family composite; even though the relationship with family CEO behaves in the expected direction. Therefore, we accept partially hypothesis 4. Age becomes significantly in the case of family CEO, and ROA in the cases of family ownership and family composite. Sales is still significant for family ownership and family composite.

Finally, in Table 7 we run the regression model adding all moderating variables at the same time:

Table 7. Results of estimation based on family control and all control variables

Variables	Family Ownership	Family CEO	Family Composite
Constant	0.9055	0.4030	0.5424
	[4.08]***	[0.15]	2.71]**
Famown	0.7153	0.6223	0.4394
	[4.35]***	[0.24]	[2.04]**
Sales	0.0284	0.0471	0.0533
	[1.15]	[1.58]	[1.88]*
Size	0.0416	0.0958	0.0221
	[3.19]**	[0.62]	[1.76]*
Age	0.0304	0.0103	0.0676
	[0.55]	[1.06]	[1.12]
ROA	0.0147	0.0334	0.0901
	[0.28]	[0.42]	[1.61]
Board Size	-0.0235	-0.0270	-0.0175
	[-0.47]	[-0.40]	[-0.34]
Board Independence	0.9827	0.7970	0.8018
	[4.11]***	[5.14]***	[6.79]***
Leverage	0.3677	0.1974	0.3556
	[4.88]***	[1.88]*	[4.43]***
m1	-7.85***	-5.78***	-5.90***
m2	-0.62	-0.69	-0.52
Sargan Test	9.02	7.79	8.87
Wald Test	13.96*	12.79*	14.53*

Table shows estimated coefficients, t-statistics and p-value. Performance is the dependent variable and is measured using Tobin's Q ratios (Q) or the asset market-to book ratio. Family Ownership represents the ownership percentage over 50% held by family. Family CEO is a dummy variable where if the CEO is a family member take the value of 1 and 0, otherwise. Family Composite is 1, if any one of the two last criteria are met: (1) if the CEO is a family member or if there is a presence of family control of at least 51% of all shares, 0 otherwise. Sales is the average growth in sales. Size is the log of total firm assets, used as proxy for firm size. Return on assets (ROA) measures by earnings over total assets. Leverage is total liability/total asset that is measured as the book value of debt divided by the book value of total assets. Board Size is the number of directors on the board. Board Independence is the percentage of independent director on the board, and Board Ownership is the percetage of shareholder directors on the board. Sargan test allows testing serial correlation (m1 and m2). Sargan test validates the instruments and Wald test the joint significance of variables. * Significant at 0.10, ** Significant at 0.05, *** Significant at 0.01.

The results shown in Table 7 indicate that in all cases there is a positive relationship of family control variables with performance, not being statistically significant only for the family CEO case.

The moderating role of board independent directors and leverage behaves according to the hypothesis 3 and 4. That is, they are associated positively in a significant way with all family control variables' performance. Sales is positively associated for the family composite, and size with family ownership and family composite.

5. Conclusions

Research about the relationship between ownership and performance begins with the work of Berle and Means (1932) who described the importance of ownership dispersion in modern corporations. These authors argued that widely held firms involved the loss of control and diversion of interest from management, trying to serve their self-interests that not always involved the maximization of company profits. Despite the theoretical importance of their work, many studies have suggested the influence of ownership in many different ways when the environments vary. Also, recent research find that widely held firm are not representative for many markets, especially not Anglo-Saxon markets (Shleifer and Vishny 1986). Thus, Mexico study is a research opportunity to analyze, because it is a market with large ownership concentration, particularly in family businesses.

According to our sample, on average, Mexican firms have a concentration of 54 percent of ownership in family hands. The results of this paper are a reflection of these and other conditions of the Mexican market. The Mexican case is consistent with the version presented by Shleifer and Vishny (1986) which emphasizes that the ownership concentration serves as a mechanism to keep aligned the interests of shareholders and management.
In the Mexican case, the firms with high levels of ownership concentration, especially families, seek a better way to protect their interests. The results of this study suggest that for Mexican companies increased ownership concentration is a factor associated with an improvement in the outcome of the company, an argument that goes along with the traditional hypothesis that the concentration of ownership in families provides closer supervision on the functioning of the company, leading to greater performance. However, the only presence of a family CEO does not lead to better performance. The results achieved by research carried out by Villalonga and Amit (2006) seem to apply in this situation. According to them, management adds value when the founder serves as the CEO of the family firm, but destroys value when descendants serve as CEO. As seen, given the average age of the Mexican companies, most of these are led by descendants. In firms managed by family descendants, control-enhancing mechanisms tend to have a mildly positive impact on value. Arguably, when descendants set up control-enhancing mechanisms in place that may be perceived as a defensive move to respond the dilution of their ownership stake that would come with firm or family growth.

Our results show that the reduced size of the board is particularly a key variable in family firms for achieving better performance. Nevertheless, there is still a negative relationship of family CEOs with performance. This may mean that CEO-owners do not take advantage of the positive role that effective boards can contribute but, on the contrary, they may tend to invite members to the boards, either family or not, who serve to legitimize their decisions that are not always the right ones for increasing wealth. In addition, minority shareholders' expropriation could arise (De Andres, Azofra and Lopez, 2005).

The results support evidence for the important role of independent directors. Their presence provides family firms' governance with better skills, reinforces discipline, and oversees CEO responsibilities. Independent directors bring valuable expertise to the otherwise limited capacities of the family firms, and are able to expand owners' perspective, contributing significantly to family firms' performance. Interestingly, the contribution of family CEOs begin to show a positive influence on value creation when considering the role of independent directors. Following Miller and Le Breton-Miller (2006), this is most appropriate to take place when voting control requires significant family ownership, when there is a strong family CEO without complete voting control and accountable to independent directors, when multiple family members serve as managers, and when the family intends to keep the business for generations.

We can argue that indebtedness is not a cause by itself for better performance in family firms, whether a family CEO leads these firms or not. In fact, let to themselves, family member leaders may show an aversion to increase the leverage of the company. However, the results show that indebtedness can contribute to greater performance as long as that debt is controlled by a handful of competent board members where there is an important participation of independents. That is to say, when the management team opts for this mechanism is more committed with the company, inducing it to undertake optimal investment policies and being forced to act in the interests of shareholders, mainly the family, since they are the majority shareholders. Strong presence of debt levels helps to give equilibrium to the decision making process because of management control of the firms' debt through free cash flow.

As a whole, the results of this study show an important complementarity of internal and external mechanisms of corporate governance for a family companies achieving better performance in the market. Taking in an isolated way, any of these mechanisms, mainly indebtedness, is not enough to promote good market results. Without an expert advice brought by outsiders, it is very likely that those firm were not be able to overcome their logical aversion to release control to external agents, such as banks and other financial institutions.

Of course, there are a number of limitations to this study. First, our sample comes only from Mexican public firms. Even though this provides an interesting case, it does constrain the generalization of our results. Second, these findings require confirmation in other Latin-American countries, besides Mexico. Third, we have also concentrated our attention on measuring performance by the Tobin's Q, but concentrated ownership in family businesses may privilege other types of measuring success, such as ROE, ROA, sales or employment growth, as well as other non-economic metrics. Finally, it´s important to continue the analysis about the effects of the firms' strategic design on firm performance. Questions related to the decision making process that supports better performance, to the background of independent director that contributes most to wealth creation, among others, deserve further examination.

Bibliography

Anderson, R. and Reeb, D. (2003): "Founding family ownership and firm performance: Evidence from the S&P 500", *Journal of Finance, 58*(3): 1301-1328. https://doi.org/10.1111/1540-6261.00567.

Anderson, R. and Reeb, D. (2004): "Board composition: Balancing family influence in S&P 500 firms", *Administrative Science Quarterly, 49*(2): 209-237. https://doi.org/10.2307/4131472.

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.

Audretsch, D.B., Hülsbeck, M. and Lehmann, E.E. (2013): "Families as active monitors of firm performance", *Journal of Family Business Strategy, 4*(2): 118-130. https://doi.org/10.1016/j.jfbs.2013.02.002.

Avloniti, A., Iatridou, A., Kaloupsis, I., and Vozikis, G. S. (2013): "Sibling rivalry: Implications for the family business succession process" *International Entrepreneurship and Management Journal*, *10*(4): 661-678. https://doi.org/10.1007/s11365-013-0271-6.

Barontini, R. and 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.

Basco, R. (2013): "The family's effect on family firm performance: A model testing the demographic and essence approaches", *Journal of Family Business Strategy*, *4*(1): 42-66. https://doi.org/10.1016/j.jfbs.2012.12.003.

Basco, R. (2014): "Exploring the influence of the family upon firm performance: Does strategic behavior matter?", *International Small Business Journal*, *32*(8): 967-995. https://doi.org/10.1177/0266242613484946.

Basco, R. and Voordeckers, W. (2015): "The relationship between the board of directors and firm performance in private family firms: A test of the demographic versus behavioral approach", *Journal of Management & Organization, 21*(4): 411-435. https://doi.org/10.1017/jmo.2015.23.

Berle, A. and Means, G. (1932): "The Modern Corporation and Private Property", Commerce Clearing House, New York, NY.

Berrone, P., Cruz, C. and Gómez-Mejía, L. R. (2012): "Socioemotional Wealth in Family Firms: Theoretical Dimensions, Assessment Approaches, and Agenda for Future Research", *Family Business Review, 25*(3): 258-279. https://doi.org/10.1177/0894486511435355.

Bertrand, M. and Schoar, A. (2006): "The role of family in family firms", *Journal of Economic Perspectives, 20*(2): 73-96. DOI: 10.1257/jep.20.2.73.

Brenes, E.R.; Madrigal, K. and Requena, B. (2011): "Corporate governance and family business performance", *Journal of Business Research, 64:* 280–285. https://doi.org/10.1016/j.jbusres.2009.11.013.

Carney, M., Van Essen, M., Gedajlovic, E. and Heugens, P. (2013): "What Do We Know About Private Family Firms? A Meta-Analytical Review", *Entrepreneurship Theory and Practice, 39*(3): 513-544. https://doi.org/10.1111/etap.12054.

Castañeda, G. (2000): "Governance of large corporations in Mexico and productivity implications", *ABANTE, Studies in Business Management, 3*(1): 57-89.

Chong, A. and Lopez-de-Silanes, F. (2006): "Corporate Governance and Firm Value in Mexico", *IDB Working Paper No. 470*. Available at SSRN: https://ssrn.com/abstract=1820043 or https://dx.doi.org/10.2139/ssrn.1820043.

Chua, J., Chrisman, J. and Sharma, P. (1999): "Defining the family business by behavior Entrepreneurship", *Theory and Practice, 23*: 19-39.
https://doi.org/10.1177/104225879902300402.

Claessens, S., Djankov, S. and Lang, L. (2000): "The separation of ownership and control in East Asian corporations", *Journal of Financial Economics, 58*(1-2): 81-112.
https://doi.org/10.1016/S0304-405X(00)00067-2.

Colli, A., Fernández-Pérez, P. and Rose, M.B. (2003): "National determinants of family firm development? Family firms in Britain, Spain and Italy in the nineteenth and twentieth centuries", *Enterprise and Society, 4*: 28- 64. https://doi.org/10.1017/S1467222700012441.

Crespí-Cladera, R. and Pascual-Fuster, B. (2014): "Does the independence of independent directors matter?", *Journal of Corporate* Finance, 28: 116-134.
http://dx.doi.org/10.2139/ssrn.2220144.

De Andres, P., Azofra, V. and Lopez, F. (2005): "Corporate boards in OECD Countries: Size composition, functioning and effectiveness", *Corporate Governance: An International Review, 13*(2): 197–210. https://doi.org/10.1111/j.1467-8683.2005.00418.x.

Demsetz, H. (1986): "Corporate control, insider trading, and rates of return", *American Economic Review, 76*(2): 313-316. Available at: www.jstor.org/stable/1818787.

Demsetz, H. and Lehn, K. (1985): "The structure of corporate ownership: Causes and Consequences", *Journal of Political Economy, 93*: 1155-1177.
http://dx.doi.org/10.1086/261354.

Diéguez-Soto, J. y López-Delgado, P. (2015): "Lone founders, types of private family businesses and firm performance", *Journal of Family Business Strategy, 6*(2): 73-85. https://doi.org/10.1016/j.jfbs.2014.11.001.

Esparza, J., García, D. and Duréndez, A. (2009): "Gestión estratégica y competitiva de las empresas familiares turísticas mexicanas: Un estudio empírico", *Revista EAN, 66:* 5-30.

Fernández, A., Gómez-Ansón, S. and Fernández, C. (1998): "El papel supervisor del consejo de administración sobre la actuación gerencial. Evidencia para el caso español", *Investigaciones Económicas, 22*(3): 501-516.

Fogel, K., Ma, L. and Morck, R. (2014): "Powerful Independent Directors", *NBER Working Paper No. 19809*, available at http://www.nber.org/papers/w19809.

García, M.G. (2003): "El gobierno corporativo y las decisiones de crecimiento empresarial: Evidencia en las cajas de ahorro españolas, *Tesis Doctoral*, Universidad de las Palmas de Gran Canaria.

Garcia-Castro, R. and Aguilera, R.V. (2014): "Family involvement in business and financial performance: A set-theoretic cross-national inquiry", *Journal of Family Business Strategy, 5*: 85-96. https://doi.org/10.1016/j.jfbs.2014.01.006

García Ramos, R. and García Olalla, M. (2011): "Board characteristics and firm performance in public founder- and nonfounder-led family businesses", *Journal of Family Business Strategy*, *2*(4): 220-231. https://doi.org/10.1016/j.jfbs.2011.09.001

Gedajlovic, E., Carney, M., Chrisman J.J. and Kellermanns, F.W. (2012): "The Adolescence of Family Firm Research: Taking Stock and Planning for the Future", *Journal of Management XX*(X): 1-28. https://doi.org/10.1177/0149206311429990.

Giovannini, R. (2010): "Corporate governance, family ownership and performance", *Journal of Management and Governance, 14*(2): 145-166. https://doi: 10.1007/s10997-009-9093-x.

Gómez-Mejía, L.R., Cruz, C., Berrone, P. and De Castro, J. (2011): "The bind of Ties: Socioemotional wealth preservation in family firms", *Academy of Management Annals, 5*(1): 653-707. https://doi.org/10.5465/19416520.2011.593320.

Gómez-Mejía, L.R., Haynes, K.T., Núñez-Nickel, M., Jacobson, K.J.L. and Moyano-Fuentes, J. (2007: "Socioemotional Wealth and Business Risks in Family-controlled Firms: Evidence from Spanish Olive Oil Mills", *Administrative Science Quarterly, 52*(1): 106-137. https://doi.org/10.2189/asqu.52.1.106.

Hillier D., Martinez B., Patel P.C., Pindado J. and Requejo I. (2018): "Pound of flesh? Debt contract strictness and family firms" *Entrepreneurship Theory and Practice*, *42*(2): 259–282. https://doi.org/10.1177/1042258717748933.

Kammerlander, N., Sieger, P., Voordeckers, W. and Zellweger, T. (2015): "Value creation in family firms: A model of fit" *Journal of Family Business Strategy, 6*: 63-72. https://doi.org/10.1016/j.jfbs.2015.04.001.

James, H. (1999): "Owner as manager, extended horizons and the family firm", *International Journal of the Economics of* Business, 6: 41-56. https://doi.org/10.1080/13571519984304.

Jensen, M.C. (1986): "Agency costs and free cash flow, corporate finance, and takeovers", *The American Economic Review, 76*: 323-329. http://dx.doi.org/10.2139/ssrn.99580.

Jensen, M.C. and Meckling, W. (1976): "Theory of the Firm: Managerial Behaviour, Agency Costs and Ownership Structure", *Journal of Financial Economics, 3*(4): 305-360. https://doi.org/10.1016/0304-405X(76)90026-X.

Le Breton-Miller, I. and Miller, D. (2006): "Why Do Some Businesses Out-Compete? Governance, Long-Term Orientations, and Sustainable Capacity, *Entrepreneurship Theory and Practice,* November: 731-742. https://doi.org/10.1111/j.1540-6520.2006.00147.x.

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.

Mazzi, C. (2011): "Family business and financial performance: Current state of knowledge and future research challenges", *Journal of Family Business Strategy, 2*: 166–181. https://doi.org/10.1016/j.jfbs.2011.07.001.

Miller, D. and Le Breton-Miller, I. (2003): "Lost in time: Intergeneration succession, change and failure in family business", *Journal of Business Venturing*, 18: 513-531. https://doi.org/10.1016/S0883-9026(03)00058-2.

Miller, D. and Le Breton-Miller, I. (2006): "Family Governance and Firm Performance: Agency, Stewardship, and Capabilities", *Family Business Review, XIX*(1): 73-87. https://doi.org/10.1111/j.1741-6248.2006.00063.x.

Miller D., Le Breton-Miller I. and Lester R. H. (2009): Stewardship or Agency? A Social Embeddedness Reconciliation of Conduct and Performance in Public Family Businesses", *Organization Science*, 22, 3. https://doi.org/10.1287/orsc.1100.0541.

Miller D., Le Breton-Miller I. and Lester R. H. (2011): "Family and Lone Founder Ownership and Strategic Behaviour: Social Context, Identity, and Institutional Logics", *Journal of Management Studies, 48*(1): 1-25. https://doi.org/10.1111/j.1467-6486.2009.00896.x.

Miller D., Le Breton-Miller I. and Lester R. H. (2013): "Family firm governance, strategic conformity and performance: Institutional versus strategic perspectives", *Organization Science*, 24:189-209. http://dx.doi.org/10.1287/orsc.1110.0728.

Miller D., Le Breton-Miller I., Lester R.H. and Cannella, A. Jr. (2007): "Are Family Firms really superior performers?" *Journal of Corporate Finance, 13*: 829-858. https://doi.org/10.1016/j.jcorpfin.2007.03.004.

Miralles-Marcelo, J.L., Miralles-Quirós, M.M., and Lisboa, I. (2014): "The impact of family control on firm performance: Evidence from Portugal and Spain*" Journal of Family Business Strategy, 5*: 156–168. https://doi:10.1016/j.jfbs.2014.03.002.

Mishra, C.S., Randoy, T. and Jenssen, J. (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

Motwani, B. (2016): "Impact of Factors of Family Business on the Performance: A PLS-SEM Study", *Journal of Entrepreneurship & Organization Management, 5*(2): 1-11. doi:10.4172/2169-026X.1000183.

Mulyani, E., Singh, H. and Mishra, S. (2016): "Dividends, leverage, and family ownership in the emerging Indonesian market" *Journal of International Financial Markets, Institutions and Money, 43*: 16-29. https://doi.org/10.1016/j.intfin.2016.03.004.

Nguyen, T., Locke, S. and Reddy, K. (2015), "Ownership concentration and corporate performance from a dynamic perspective: does national governance quality matters?", *International Review of Financial Analysis, 41*: 148-161.
https://doi.org/10.1016/j.irfa.2015.06.005.

Pindado, J., Requejo, I. and De la Torre, C. (2014): "Family control, expropriation, and investor protection: A panel data analysis of Western European corporations", *Journal of Empirical Finance, 27*: 58-74. https://doi.org/10.1016/j.jempfin.2013.10.006.

Rathish, R. and Bhattacharya, S. (2017): "Family firms, board structure and firm performance: evidence from top Indian firms", *International Journal of Law and Management, 59*(5), 699-717. https://doi.org/10.1108/IJLMA-02-2016-0013.

Sáenz, J. and García-Meca, E. (2014): "Does Corporate Governance Influence Earnings Management in Latin American Markets?" *Journal of Business Ethics*, 121(3): 419-440. https://doi.org/10.1007/s10551-013-1700-8.

San Martín-Reyna, J.M. and Durán-Encalada, J.A. (2012): "Relationship among family business, corporate governance and firm performance: Evidence from the Mexican stock exchange", *Journal of Family Business Strategy, 3*(2): 106-117. https://doi.org/10.1016/j.jfbs.2012.03.001.

San Martín-Reyna, J.M., and Durán-Encalada J.A. (2017): *Radiografía de la Empresa Familiar en México*, UDLAP, México.

Schepers, J., Voordeckers, W., Steijvers, T. and Eddy Laveren, E. (2014): "The entrepreneurial orientation–performance relationship in private family firms: the moderating role of socioemotional wealth", *Small Business Economics, 43*(1): 39–55. DOI 10.1007/s11187-013-9533-5.

Schleifer, A. and Vishny, R. (1986): "Large shareholders and corporate control", *Journal of Political Economy*, 94(3): 461-488. https://doi.org/10.1086/261385.

Schulze, W., Lubatkin, M., Dino, R. and Buchholtz, A. (2001): "Agency Relationships in family Firms: Theory and Evidence" *Organization Science, 12*(2): 99-116. https://doi.org/10.1287/orsc.12.2.99.10114.

Setia-Atmaja, L., Tanewski, G.A. and Skully, M. (2009): "The Role of Dividends, Debt and Board Structure in the Governance of Family Controlled Firms", *Journal of Business Finance & Accounting, 36*(7/8): 863-898. https://doi.org/10.1111/j.1468-5957.2009.02151.x.

Simões, E. (2014): "The effect on the performance of listed family and non-family firms", *Managerial Finance, 40*(3): 234-253. https://doi.org/10.1108/MF-06-2013-0134.

Simões, E. (2018): "Board of directors characteristics and performance in family firms and under the crisis", *Corporate Governance: The International Journal of Business in Society, 18*(1): 119-142. https://doi.org/10.1108/CG-01-2017-0010.

Sitthipongpanich, T. and Polsiri, P. (2015): "Do CEO and board characteristics matter? A study of Thai family firms", *Journal of Family Business Strategy, 6*(2): 119-129. https://doi.org/10.1016/j.jfbs.2015.01.002.

Smith, C. and Warner, J. (1979): "On financial contracting: An analysis of bond covenants", *Journal of Financial Economics, 7*(2): 117-161. https://doi.org/10.1016/0304-405X(79)90011-4.

Sraer, D. and Thesmar, D. (2007): "Performance and behavior of family firms: Evidence from French stock market", *Journal of European Economic Association, 5*(4): 709–751. https://doi.org/10.1162/JEEA.2007.5.4.709.

Tagiuri, R. and Davis, J. (1982): "Bivalent attributes of the family firms", *Working paper*, Harvard Business School, Cambridge, MA. *Reprinted in Family Business Review*, 1996, 9: 199-208. https://doi.org/10.1111/j.1741-6248.1996.00199.x.

Torres, J.P., Jara, M. and López-Iturriaga, F. (2017): "Corporate control and firm value: The bright side of business groups", *Journal of Family Business Strategy, 8*(2): 99-108. https://doi.org/10.1016/j.jfbs.2017.04.003.

Villalonga, B. and Amit, R. (2006): "How do family ownership, control and management affect firm value?", *Journal of Financial Economics, 80*(2): 385-417. https://doi.org/10.1016/j.jfineco.2004.12.005.

Watkins, K. (2017): "Financial performance in Mexican family vs. non-family firms", *Contaduría y Administración, 63*(2): 1-18.
http://dx.doi.org/10.22201/fca.24488410e.2018.1214.

Zellweger, T.M., Nason, R.S., Nordqvist, M. and Brush, C.G. (2013): "Why Do Family Firms Strive for Nonfinancial Goals? An Organizational Identity Perspective", *Entrepreneurship Theory and Practice, 37*(2): 229-248. https://doi.org/10.1111/j.1540-6520.2011.00466.x.

Zhu, J., Ye, K., Wu, J. and Chan, K. (2016): "Board hierarchy, independent directors, and firm value: Evidence from China" *Journal of Corporate Finance, 41:* 262–279. http://dx.doi.org/10.1016/j.jcorpfin.2016.09.009.