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Stewardship Theory and Information on Family Firm Performance in Vietnam

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Abstract

Purpose: The paper contributes to the existing literature on Vietnamese corporate governance and firm performance with a focus on listed family firms and the use of a more suitable econometric framework to analyze firm performance. The study investigates how family firm performance is affected by corporate governance under the standpoint of stewardship theory in Vietnam. **Research design, data and methodology:** With the use of different measures for firm performance (Tobin's Q, ROA, and ROE), regression models were estimated using Generalized Least Square (GLS) method on a panel data of a total of 113 listed companies during the five-year period from 2015 to 2019. **Results:** We found that family ownership as the main characteristic of the stewardship theory affects family firms positively. In addition, several other characteristics in corporate governance as board composition (board independence, board audits, and board committees), CEO (age and tenure) and firm characteristics (size, age, expansion, and annual sales) showed significant impacts on firm performance. Our findings also suggest that family firm performance can be either positively or negatively affected based on the characteristics of corporate governance. The findings can help companies evaluate the significance of corporate governance through deciding board structure and the selection of CEOs to match family firm characteristics. It also gives insights for investors, rating agencies, and policymakers for relevant purposes.

Keywords : Stewardship Theory, Governance, Family-Firm Performance, Empirical – Quantitative, Retailing And Wholesaling, Inventory.

JEL Classification Code: G32, G34, L25.

1. Introduction

Because of several unfortunate events of large corporations failing in corporate governance, the impacts of corporate governance on firm performance have been rigorously documented and researched. Studies on the impacts of corporate governance on firm performance are widely differentiated due to different measures and

theories applied. Results of previous studies introduced different proxies to measure firm performance. For example, Zabri et al. (2016) evaluated firm performance on Return On Asset (ROA) and Return On Equity (ROE) and the relationship of which with board size and board independence on top 100 public listed companies in Malaysia. They found a negative but significant relationship between board size and ROA, while board independence is

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insignificant. Another study of German organizations from 2009-2011 indicated a negative impact of board diversity characteristics such as age and nationality as the first one can affect risk aversion in decision making while the latter can hamper communication among board members (Eulerich et al., 2013). Villanueva-Villar et al., (2016) analyzed the effect of corporate governance on value creation during the economic crisis (2009-2012) by accessing panel data for listed companies in Spanish Stock Exchange from 2005-2012. The authors discovered a positive effect of larger board size on firm performance, while the appearance of a person holding the position of both CEO and chairman (CEO duality) saw no impact. They further supported the idea that during a global crisis, effective corporate governance is imperative. This research topic, despite several studies having been conducted internationally, has not seen its stand in Vietnam yet because of the limited dataset to support this kind of research.

Furthermore, among research on corporate governance and firm evaluation, the application of stewardship on research corporate governance is even scattered while much past discussion has focused on agency theory and stakeholder theory. In fact, agency theory suggests the divergence between long-term benefits of companies and CEOs' self-satisfaction. However, these discussions and research do not include the validity of stewardship theory which on some perspectives are directly opposed to agency theory. Stewardship theory recognizes several non-financial motives for managerial behaviors which, in the right environment will improve and enhance firm value. Managers in stewardship theory are interested in achieving high performance and act on the benefits of shareholders (Muth & Donaldson, 1998). In addition, family business literature often links family ownership and control to actions related to stewardship theory directly or indirectly (Anderson et al., 2003a; Chrisman et al., 2003; Madison et al., 2017).

Therefore, this paper contributes to the existing literature on Vietnamese corporate governance and firm performance with a focus on listed family firms and the use of a more suitable econometric framework to analyze firm performance. With the use of Generalized Least Square (GLS) method and Generalized Method of Moments (GMM) method on a panel data from 2015-2019 on 113 listed companies in Vietnam, the study aims to test the relationship between the characteristics of board members, CEO, and firm on firm performance under the context of stewardship theory. The paper is organized as follows: section 1 introduce about background of the topic; section 2 reviews literature relevant to corporate governance theories and stewardship theory on family firms; section 3 describes the data and the research methodology; section 4 discusses the empirical results; section 5 offers some concluding remarks.

2. Literature Review

2.1. Stewardship Theory

Stewardship is defined by Hernandez (2012) as the level on which an individual is willing to subjugate his or her interests to act upon others' long-term benefits. While most theories on corporate governance focus on self-interests as a starting point, stewardship theory, rejects this viewpoint. Stewardship theory supports the view that managers seek other ends besides self-interest of financial ones including a sense of worth, altruism, a good reputation, a well-done job, a feeling of satisfaction, and a sense of purpose. Moreover, the theory holds that CEOs intrinsically aspire to high performance maximizing shareholders' returns without the sole reason of financial interest but because of a strong duty to the firm.

The stewardship theory advocates managers to pursue their own goals, one of which is a sense of ability and worth by meeting up with the firm's highly goal-oriented expectations (Dao & Hoang, 2012). Stewardship theory assumes that managers behave as trustworthy stewards of the organization to work on the collective good of the firm regardless of the managers' self-interests. This point of view steers away from the possibility of moral hazard as the managers work on behalf of the owners believing ownership will equitably share the residual claims from the firm, thus maximizing claims for the owner also means maximizing the share of the steward manager (Davis et al., 1997; Donaldson, 1990). In other words, the stewardship theory reposes agency theory in the sense that there is no misalignment between the interests of the owners and managers.

Current empirical studies on corporate governance focus mainly on the minimization of agency costs in the relationship between shareholders and managers. However, there seems to have little research on the understanding of stewardship theory on explaining the relationship of firm owners and managers and how the attributes of stewardship can lead to a firm's positive performance (Davis et al., 1997). Donaldson (1990) believed that firms with governance structures that support the organizational performance of steward CEOs will see a positive result. For example, findings of Donaldson and Davis (1991) were that CEOs who are stewards need governance structures that allow them to have a high level of authority and discretion to maximize firm performance. Their empirical model proved that ROE was higher for firms that had CEO duality versus firms with independent board chairs. Another instance is the pursuit of firm expansion via acquisition which is linked to higher compensation and executive entrenchment (Hayward & Hambrick, 1997). Often, managers require managerial power and discretion to empower them to guide the firm into

strategic actions such as mergers and acquisitions. Normatively, if CEOs think such actions will enhance firms' value, the shareholders should facilitate such actions to proceed. However, Davis et al. (1997) did not ignore the possibility of managerial entrenchment that will allow CEOs to take advantage disregarding the benefits of shareholders while minimizing personal risks.

2.2. Stewardship Theory for Listed Family Firms

Previous studies have shown that there are often connections between firm ownerships and actions associated with firm stewardship. Thus, stewardship theory is shown to be more applicable within family firms. In this paper, we focus on analyzing the firm performance of family firms to understand the impacts of stewardship appearance. Several characteristics of stewardship within a firm were hypothesized and proven to influence family firm performance including three aspects board composition, CEO characteristics, firm characteristics. Anderson and Reeb (2003) found that the presence of family holdings and the family's historical presence in the firm can influence the firm to pursue risk reduction strategies through diversification and lower debt rates; family firms are more valuable than nonfamily firms; family ownership lessens the moral hazard conflicts for minority shareholders.

We consider the following different characteristics of a family firm that are suggested by stewardship theory and various mechanisms of corporate governance and its effect on firm performance for the development of the hypotheses of the study. Interestingly, as stewardship theory shows several conflicting ideas against agency theory, the relationship between these characteristics and firm performance stated by stewardship theory should contradict those suggested by its counterpart.

2.2.1. Firm Performance

The theory proposes characteristics associating stewardship of family firms lead to better firm performance. Firm performance in past quantitative studies is often measured by accounting calculations and stock market returns. Most popular method is the use of Tobin's Q (Madison et al., 2017; Tshipa et al., 2018), the measure of efficiency that divides the firm's market value by its total assets (Tobin & Brainard, 1976). Other measurements are ROA and ROE (PeiZhi & Ramzan, 2020; Rahman & Saima, 2018). ROA is defined as net income divided by total assets while ROE is the net income divided by total shareholders' equity for the same period (Needles et al., 2008).

2.2.2. Board Composition

The board composition is considered to be one of the main pillars of the corporate governance of a company

(Barnhart et al., 1994). Factors of board composition that have shown up in several articles in corporate governance are suggested to influence firm performance. Board size is one of the important factors of efficient corporate governance (Bonn et al., 2004). While several findings indicate a positive relationship between board size and firm performance (Rahman & Saima, 2018; Zabri et al., 2016), some researchers argued that a negative correlation was found (Conyon & Peck, 1998). Moreover, N Vaidya (2019) conducted an analysis on BSE 100 companies in India even found that board size shows no influence on firm performance measured by indicators ROE, ROA, RBIT, EPS, DPS, and Tobin's Q, i.e. board size is not statistically significant on firm performance.

The appearance of Board (sub) committees has been strongly recommended to improve corporate governance through which specific tasks can be delegated to smaller board groups and utilize the contribution of non-executive directors (Spira & Bender, 2004). The authors also pointed out that while in the UK, audit committees are proposed by the Cadbury Committee, remuneration committees are supported by the Greenbury study group. The establishment of audit, remuneration, and nomination committees are compulsory in South Africa.

Past studies showed contradicting arguments of board independence. Some found that board independence impacted significantly positively on firm's performance (El-Habashy, 2019). Independent directors can alleviate agency problems and curb managerial self-interest. Through agency theory, managers would tend to pursue self-interest benefits at the expense of shareholders' benefits (Jensen & Meckling, 2004). Thus, independent boards protect the shareholders' interests and have above-average stock price returns (Denis et al., 1997). Therefore, companies with more independent directors may report more profits compared to companies with less appearance of independent directors (Byrd et al., 2007; Dehaene et al., 2001). On the other hand, Chen & Jaggi (2000) found no evidence that board independence affects firm performance. Rashid (2018) even found evidence from Bangladesh that these two variables do not positively influence each other.

Board gender diversity is another component of board structure to be considered (Triana et al., 2014). Muttakin et al., (2012) found a positive relationship of female directors on firm performance in Bangladesh. However, a negative impact of gender diversity on firm value was found in Adams and Ferreira's research (2009) and a missing correlation in Mishra and Jhunjhunwala (2013).

2.2.3. CEO Characteristics

As the main component of stewardship theory, we examined three characteristics of the CEO to discover the relationship between CEO stewardship and firm

performance. While CEO age will affect the level of risk aversion in older CEOs, CEO director tenure captures the informal power developed over the period of a CEO as a senior employer of the firm (Finkelstein, 1992). Shen (2003) also agreed with this argument. With the increasing power and a longer tenure in organizations, CEOs also have more time to develop interpersonal relationships, creating the ability to capture social capital for organizational activities (Greve & Mitsuhashi, 2007).

CEO duality happens if one person occupies both the position of CEO and chairman and is defined as CEO non-duality otherwise (Yasser & Mamun, 2015). CEOs of family firms are often considered the stewards of firms as they are commonly the founder or a relative of the founder (Chrisman et al., 2003). If duality happens, this can lessen the concern of goal incongruence between principal and agent as they can often be considered one and the same (Jensen & Meckling, 2004). Furthermore, family firms led by CEOs exhibit behaviors of stewardship, creating positive family firm performance (Anderson & Reeb, 2003). As discussed in the previous section, stewardship and agency theory have opposing arguments of the effects of CEO duality on firm performance. While the former opposes CEO duality, the latter supports the presence of the chairman as the CEO of the firm, thus aligning the interests of shareholders and managers. Shareholder returns (calculated by ROE) are higher when there is CEO duality (Donaldson & Davis, 1991). Anderson et al. (2003a) found that family firms have a lower cost of debt as the incentive and management structures in family firms are sufficient to protect the interests of debt holders. In another research, duality companies outperform non-duality companies which underscores the benefits of CEO duality in saving information costs and decision-making process by 3-4 percent (Yang & Zhao, 2014).

2.2.4. Family Ownership

To determine the effect of stewardship theory on firm performance, we emphasized the importance of family ownership as it shows the extent to which family owners and managers are tied to the firm's business as it represents their family's fortune, personal satisfaction, and even public reputation (Ward, 2016). Previous studies have suggested several definitions for "a family firm". Nevertheless, a family firm is the one in which the family either has a significant management control or ownership of the firm, which is the total ownership held by either family members or the companies established by the same family exceeds 10 per cent, and where family members hold board seats (La Porta et al., 1999; Shyu, 2011), and founding family members or descendants hold shares or are present on the board of directors (Anderson & Reeb 2003).

As Vietnamese family firms often have spouses and relatives involved in the management of the company. Moreover, due to the uniqueness of business in Vietnam, where several companies are funded with the state capital, we add another criterion in which a company is only considered a family firm when it does not have more than 50% governmental ownership. In this research, we measure family ownership as the percentage of shares held by the family members to total outstanding shares. In this study, family firms are selected if they fill in either of the two conditions:

(1) Total family ownership (affiliated people stated in corporate governance reports) exceeding 10%, with family members as board members; or

(2) The CEO or Chairman role is held by a family member and the family total ownership (affiliated people stated in corporate governance reports) is at least 5 percent.

Family control may negate significant agency problems created by the conflicts between shareholders and managers, proving family members manage the company better than other shareholders can. Thus, there is a close link between family wealth and firm performance as family members have a strong incentive to protect the family firm through supervising managers (Maury, 2006). The author also discovered from 1672 non-financial firms in Western Europe that active family control correlates with high profitability in non-family firms, while passive family control does not affect profitability. Shyu (2011) using the panel data of 465 Taiwanese listed firms also discovered that family ownership was positively related to firm performance (measured by ROA and Tobin's Q).

2.2.5. Firm Characteristics

Other firm characteristics are included in the paper that was believed to have an influence on firm performance. Firstly, firm size is measured by the total assets of the company, and firm age is the number of years since the firm was founded. Other variables to be discussed as annual sales and capital structure measured by computing total debt over total equity.

The size of a firm may influence the form of power a CEO uses. For example, a CEO in a very large firm may not have as much opportunity to have the direct contact necessary to establish personal power (Davis et al., 2007). Firm size was found to be positively related to firm performance as larger firms tend to have better asset utilization and economics of scale (Andres, 2008). Some studies also showed that firm size, however, can be associated with the decrease of firm value as firms become larger and more diversified (Demsetz & Villalonga, 2001; Lang & Stulz, 1993).

3. Research Methods

3.1. Sample and Data Source

This study uses sampled panel data on family firms listed in HOSE, UPCOM, and HNX from 2015-2019. A total of 113 listed companies during the five-year period are used as samples, resulting in 554 observations. The data were collected from the database of FiinPro and Cafef which provides financial data, and annual reports and prospectuses of listed companies to determine family firms. Observations missing any of the required information are excluded from the dataset.

3.2. Empirical Methodology

The panel data analysis has been used in this study to measure the governance performance relation using comprehensive governance variables identified in this literature. A simultaneous equation system of family ownership and performance is expressed as follows based on the methodology by Muttakin et al. (2012) with some variations to highlight the effect of stewardship on family firms' performance:

$$\text{Performance}_{it} = \beta_0 + \beta_1 \text{BSIZE}_{it} + \beta_2 \text{BIND}_{it} + \beta_3 \text{BCOM}_{it} + \beta_4 \text{BGEN}_{it} + \beta_5 \text{BAUDIT}_{it} + \beta_6 \text{CAGE}_{it} + \beta_7 \text{CDUAL}_{it} + \beta_8 \text{CTENURE}_{it} + \beta_9 \text{FAM_OWNER}_{it} + \beta_{10} \text{FSIZE}_{it} + \beta_{11} \text{FAGE}_{it} + \beta_{12} \text{SALES}_{it} + \beta_{13} \text{FEXP}_{it} + \beta_{14} \text{STRUCTURE}_{it} + \varepsilon_{it}$$

In this study, Tobin's Q, ROA, and ROE are proxy measures for firm performance. Independent variables that represent Corporate Governance are BSIZE, BIND, BCOM, BGEN, BADUT, CAGE, CDUAL, CTENURE, FAM_OWNER. Firm control variables are: FSIZE, FAGE, SALES, FEXP, STRUCTURE. Further details on the measures and definitions of variables are in Appendix 1.

Generalized Least Square (GLS) method with cross-section weights and fixed effects is applied in this study because the sample data are not normally distributed and the data have either heteroscedasticity problem, autocorrelation problem, or both. A GLS regression is suitable as it corrects for the omitted variable bias and presence of autocorrelation and heteroscedasticity in pooled time-series data. The fixed effects enable researchers to examine variations among cross-sectional units simultaneously with variations within individual units over time (Gaur & Gaur, 2009). Then, the models will be tested again after reducing insignificant variables until the model received significant results. We then use Generalized Method of Moments (GMM) method to test the robustness of the 3 models (Tobin's Q, ROA, and ROE).

4. Empirical Results

4.1. Descriptive Statistics

Table 1: Descriptive statistics

Variables	Mean	Median	Maximum	Minimum	Std. Dev.
ROA	0.0535	0.0398	0.5952	-0.4324	0.0730
ROE	0.0922	0.0949	15.609	-62.204	0.3919
TOBINQ	0.9317	0.8691	58.566	0.1738	0.4329
BSIZE	58.411	5	11	3	14.078
BIND	0.1659	0	0.8	0	0.2316
BCOM	0.2581	0	1	0	0.4379
BGEN	0.1795	0.1666	0.8	0	0.1913
AUDIT	0.9440	1	1	0	0.2300
CAGE	504.83	49	78	27	84.464
CDUAL	0.3772	0	1	0	0.4851
CTENURE	76.173	6	43	0	66.082
FAM_OWNER	0.2384	0.2008	0.7748	0.0003	0.1562
FAGE	221.11	19	56	2	118.913
FSIZE	27.933	27.861	33.632	23.030	1.717
FEXP	0.1833	0.0774	193.36	-0.9255	0.9038
SALES	27.410	27.395	32.499	19.603	1.757
STRUCTURE	2.12	0.785	83	-0.939	5.83

Table 1 represents the descriptive analysis of the research variables. Results show that the average board size is about 6 (Mean = 5.8) and about 17% of the board size are board independents. The average proportion of female board members is 18% scaled by average board size. This result shows a negative state considering the growing number of women participating in corporate governance in developed and developing countries. However, this can be understandable in the sense that the study focuses on family members in where the owner of the firm tends to be passed down to the husband or the son of the family, while women are socialized to be ill-suited for leadership roles (Martinez, 2009). Out of 113 family firms, there are only around 25% of which have a board committee. 94.4% of the firms have an audit committee. As the condition to be selected for data, the family ownership has a wide range from 0.03% to 77.48% of share ownerships. When it comes to CEO characteristics, the average age of CEOs is 50 and their tenure is approximately 7-8 years. Only 37% of CEOs in family firms are at the same time the board chairman. Other firm characteristics seem to fluctuate due to the difference in industry and scale.

4.2. Correlation Matrix

Table 2: Summary statistics (continued) *correlation is significant at the 5% level (two-tailed)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(13)	(14)	(15)	(16)
(1)ROA	1																
(2)ROE	0.491*	1															
(3)TOBINQ	0.160*	0.003	1														
(4)BSIZE	0.176*	0.102*	0.176*	1													
(5)BIND	0.103*	-0.105*	0.079	0.150*	1												
(6)BCOM	0.092*	0.029*	0.110*	0.063	0.093*	1											
(7)BGEN	0.073*	0.060	0.081*	-0.007	-0.002	-0.035	1										
(8)AUDIT	-0.031	0.057	-0.096*	-0.072*	-0.015	-0.287*	0.070	1									
(9)CAGE	0.151*	0.061	-0.015	-0.030	-0.051	0.095*	-0.042	0.067	1								
(10)CDUAL	-0.008	0.012	-0.054	-0.015	0.051	-0.016	0.100*	0.076	0.300*	1							
(11)CTENURE	0.126*	0.087*	-0.053	0.090*	-0.029	0.069	0.020	-0.095*	0.464*	0.451*	1						
(12)FAM_OWNER	0.078	0.105*	0.033	-0.032	0.011	-0.164*	0.247*	-0.027	0.009	0.133*	0.139*	1					
(13)FAGE	0.087*	0.011	0.071	-0.046	-0.103*	-0.107*	0.009	0.077	0.276*	0.032	0.002	0.019	1				
(14)FSIZE	0.055	0.014	0.093*	0.364*	0.047	-0.062	0.062	0.021	-0.101*	-0.121*	-0.081*	-0.019	-0.001	1			
(15)FEXP	0.058	0.056	0.004	0.036	-0.050	0.100*	-0.033	-0.007	0.012	0.046	-0.045	-0.018	-0.039	0.012	1		
(16)SALES	0.063	0.048	0.161*	0.378*	0.082*	0.056	0.009	-0.024	0.031	-0.118*	-0.064	-0.010	-0.033	0.647*	0.023	1	
(17)STRUCTURE	0.065	0.000	-0.127*	-0.103*	-0.052	-0.058	-0.016	-0.040	0.006	0.010	0.027	-0.046	-0.170*	-0.061	0.012	-0.073*	1

Table 2 represents the correlation matrix among variables. The correlations between Board size, Board independence, Board committees, and three firm performance indicators are significant and positive except for Board Independence where there is a negative correlation with ROE. This confirms the findings of other research (Rahman & Saima, 2018; Spira & Bender, 2004, Zabri et al., 2016). There is also a positive connection between board committees and board independence. When it comes to CEO characteristics, ROA, Board committees, CEO duality, CEO tenure, firm age are found to be positively and significantly associated with CEO age. This implies that in established family firms, CEO position tends to remain constant and also holding the position of Chairman. However, this also shows a negative correlation with firm size. Finkelstein (1992) believed that CEO with higher age tends to be more risk-averse, thus possibly

hampering the firm expansion. While Board and CEO characteristics show significant correlations, there are few connections between firm characteristics and other variables.

4.3. Inferential Statistics

The estimated coefficients of all variables are at the statistical significance level of 10%,

(1): GLS 1st test run to check the significance of variables.

(2): GLS 2nd test run after removing insignificant variables of the model.

(3): GLS 3rd test run after removing insignificant variables of the model

(4): GMM test to check the robustness of the model after removing insignificant variables.

Table 3: GLS and GMM regressions

Dependent Variable	Tobin's Q (1)	Tobin's Q (2)	Tobin's Q (3)	Tobin's Q (4)	ROA (1)	ROA (2)	ROA (3)	ROE (1)	ROE (2)	ROE (3)
BSIZE	-0.0083	-	-	-	-0.0013	-0.0011	-0.0011	-0.0024	-	-
BIND	-0.3786	-0.3544	-0.3320	-0.3320	0.0100	-	-	0.0978	0.0770	0.0770
BCOM	0.1200	0.1303	0.1172	0.1172	0.0133	0.0097	0.0097	0.0322	0.0383	0.0383
BGEN	0.0473	-	-	-	-0.0023	-	-	-0.0161	-	-
AUDIT	0.0032	-	-	-	0.0021	-	-	0.0900	0.1036	0.1036
CAGE	-0.0112	-0.0104	-0.0096	-0.0096	-0.0011	-0.0011	-0.0011	0.0010	-	-
CDUAL	-0.0169	-	-	-	-0.0028	-	-	-0.0029	-	-
CTENURE	0.0027	0.0023	-	-	0.0003	-	-	0.0048	0.0049	0.0049
FAM_OWNER	0.1524	0.1176	0.1349	0.1349	0.0085	-	-	0.1196	0.1013	0.1013
FAGE	0.0215	0.0218	0.0224	0.0224	-0.0030	-0.0028	-0.0028	-0.0194	-0.0192	-0.0192
LOG(FSIZE)	-0.0673	-0.0694	-0.0668	-0.0668	0.0059	-	-	0.0257	0.0314	0.0314
FEXP	0.0346	-	-	-	0.0067	0.0063	0.0063	0.0090	-	-
LOG(SALES)	0.0216	-	-	-	0.0185	0.0208	0.0208	0.0521	0.0481	0.0481
STRUCTURE	-0.0005	-	-	-	0.00006	-	-	0.0004	-	-
R ²	0.8582	0.8206	0.8233	0.8233	0.8787	0.8861	0.8861	0.7710	0.8008	0.8008

Table 3 summarizes our panel regression for 3 different dependent variables. At prob. F-value of 0.0000 less than 10 percent, the GLS final model is very significant and fitted the data with R-squared over 80 percent. Based on the results obtained from the model, the following conclusions are shown:

After several factors being eliminated due to F-value higher than 10% in each test, the remaining factors were not consistent through three parameters of firm performance. Firstly, Board Independence, Board Committee, CEO age, Family ownership, Firm age, and Firm size were significant to Tobin's Q variables. Secondly, ROA was influenced by Board size, Board Committee, CEO age, Firm age, Firm expansion, and Annual sales. Lastly, Board independence, Board Committee, Audit Committee, CEO Tenure, Family ownership, Firm age, Firm size, and Annual sales were significantly related to ROE. Noticeably, Board gender, CEO Duality, and Capital structure were insignificant throughout all three parameters. This indicates that in our findings there was not enough evidence that there was a causal relationship between the mentioned variables and firm performance in all three aspects.

In terms of board characteristics, Board size was negatively linked with firm performance (ROA). This implies that the greater number of members in the board only weakens the firm performance. These findings favored stewardship theory for effective management as when board size goes beyond a certain number, people are less likely to function and would trouble CEO to control (Jensen & Meckling, 2004). This finding aligns with the findings by Conyon and Peck (1998) in which they presented several reasons for this inverse relationship such as problems created by informational asymmetries between the CEO and the board, communication issues, and decision making. Meanwhile, Board committee and Audit committee were found to impact positively on firm performance. This result regression agrees with the results by Spira and Bender (2004) and Mohammed (2018) that the presence of those committees can improve firm performance. Board Independence had conflicting results on different models suggesting it either supports stewardship or agency theory. In family firms, it would be understandable where board independence is not favored, thus lowering family firm performance if there are independent board members. However, independent boards help supervise and monitor the business guarding off agency problems and curb managerial self-interest.

While CEO duality is one of the main definitions of family firm, it showed no impact on firm performance ($p < 0.1$). However, CEO age is negatively associated with firm performance. This implies the older CEOs get, the less risk-averse the managers would be, thus may reducing the firm performance. CEO tenure was positively related to

ROE indicating the longer the CEO holds their position, the better the firm can perform. The findings agreed with Greve and Mitsuhashi (2007) supporting the ideal when CEOs have more time to deepen the interpersonal relationship, have more experience, and manage the firm more effectively.

The main factor to discuss in our study is family ownership. Despite being insignificant to ROA, family ownership showed a highly positive relationship with Tobin's Q and ROE. The regression result agreed with findings as it will positively influence firm performance like development spending and international expansion while reduce conflicting in management (agency cost) (Sirmon et al., 2008).

The coefficient of firm age was significant through all models. Tobin's q model showed a positive relationship between firm age and firm performance, whereas ROA and ROE showed the opposite trend. Firm expansion and firm structure indicated no apparent connection with firm performance, while annual sales presented a positive relationship with ROA and ROE.

4.4. Robustness Tests

The study used GMM to check for the robustness of the models. The research used all significant variables from GLS tests to run. The results are in column (4): GMM tests show that the data set was consistent throughout all three models and fitted the model very well. The results are consistent with our earlier results

5. Conclusions

This study showed the importance of several characteristics in corporate governance on firm performance under the context of listed family firms in Vietnam. Although the results were inconsistent across different models, several implications can still be drawn from. Based on these, managers and stakeholders participating in corporate governance can improve family firm performance in Vietnam. The study reveals that board structure, ownership structure, and firm characteristics need to be investigated before engaging in improving overall firm performance. This study supports the notion that the composition of the board of directors can influence firm performance positively, specifically board independence and board committees. These findings revealed that in the family firm environment, the appearance of outside board members and committees present better management of the company.

Additionally, in family firms, the presence of older CEO will not be beneficial. However, CEO with longer tenure holding the position will surely have a positive impact on

the firm as this leads to more valuable advice and experience to strengthen firm performance. In family firms, with more ownership and board positions held by the family members, firms are deemed to perform better. From a stewardship point of view, the family members take control of governing the company and acting on a long-term goal for the firm rather than their own short-term benefits (agency cost).

The study has contributed to the knowledge pool of corporate governance and family firms, especially by examining an uncommon aspect of corporate governance theory, namely stewardship theory through the evaluation of listed family firms in Vietnam. Our findings suggest that family firm performance can be either positively or negatively affected based on the characteristics of corporate governance. This study has important implications for practitioners in their choice of investment. The findings can be helpful to companies to evaluate the impact of corporate governance supporting the importance of deciding board structure. Moreover, the research is relevant to the selection of CEOs to match the characteristics of family firms. This study also contributes to giving insights for investors and rating agencies for investment as it pays attention to corporate governance characteristics to evaluate firm performance. In addition, the research also provides findings in such a field that helps policymakers and governments stimulate a better corporate governance environment.

The research's random sample period is the source of limitation due to time and resources. The sample size including 554 observations during five-year period from 2015 to 2019 is quite short to be considered enough to be estimators for the whole population. Therefore, the study recommends other researchers should increase the period as much as possible to investigate the area of topic to provide a better understanding, more accurate findings and better reflect the situation in the Vietnamese economy.

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Appendixes

Appendix 1: Variable definitions

Variable	Definition
Performance 1 – Tobin's Q Performance 2 - ROA Performance 3 - ROE	Firm performance
BSIZE	Total board size
BIND	Proportion of independent directors
BCOM	Board committees
BGEN	Board gender diversity
AUDIT	Audit committee
CAGE	CEO age
CDUAL	CEO duality
CTENURE	CEO director tenure
FAM_OWNER	Family ownership
FSIZE	Firm size
FAGE	Firm age
SALES	Annual sales
FEXP	Firm expansion
STRUCTURE	Capital Structure