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Unlocking the Influence of Family Ownership on Performance: Moderating Impact of Board Efficacy

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ABSTRACT:

This study aims to determine whether the board of directors can influence the associations among family ownership, and firm performance. This study employs panel data from 300 firms registered on Bursa Malaysia from 2020-2024. This study employs an aggregate measure of four main characteristics of the effectiveness of the board of directors (BODEFF) which are (Board independence, Board Size, Board Meetings Frequency and CEO duality) as a moderating variable. To address the issues of endogeneity and heteroscedasticity, researchers have employed a dynamic system generalized method of moments (GMM) approach. The results revealed that Family ownership positively and significantly influences ROE but negatively influences Market-to-book ratio. In addition, empirical findings have shown that BODEFF, along with family ownership is likely to increase firm performance. The study results would be useful to directors and managers in developing new policies that will improve corporate governance mechanisms, particularly the effectiveness of boards of directors.

Keywords: Family ownership, Board of directors, Firm performance, Malaysia.

1 INTRODUCTION

A corporate governance framework is critical to a company's performance, especially for shareholders and stakeholders. However, one of the most important components of CG research is the ownership structure, which changes over time when a firm issues new shares or when existing shareholders trade heavily in the market [1]. Ownership structure can influence and detect business direction and performance [2]. In Malaysia, it is common for listed companies to have a high concentration of ownership, which played a significant role in the country's involvement in the Asian financial crisis of 1997/1998 [3]. Following the crisis, there was a trend toward even greater ownership concentration, as evidenced by changes in ownership structure. However, [4] highlighted that minority shareholder protection in Malaysia is inadequate because significant shareholders exercise more control over the ownership concentration and representation of the firm. One of the most popular types of business organizations globally is family ownership or family-controlled companies [5]. A strong sense of family members distinguishes family businesses that own most company shares [6].

This study seeks to explain why and under what governance conditions family ownership influences business performance, rather than simply determining whether it does. Prior research has yielded inconsistent results on the performance implications of family ownership, limiting its practical and theoretical utility. This study reveals how successful boards might improve the benefits of family ownership while limiting its possible negatives by investigating board efficacy as a moderating factor. Furthermore, the current study sheds light on this potential link and contributes to the literature in a variety of ways. First, it investigates the associations between these dimensions (corporate governance, and company performance) from a developing market with a political and economic environment distinctive from that of advanced nations. Second, previous studies of Family Ownership and performance in Malaysia have been confined to a small sample size or have concentrated on a specific industry, primarily the finance services sector. Therefore, this study's sample size is broad and consists of all Malaysian nonfinancial firms, excluding those in the financial sector. Third, this research uses the composite measure of board of directors (BOD) characteristics as a moderating variable between family ownership and firm. Thus, this paper provides initial information about the crucial role of board

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effectiveness in influencing the nexus between family ownership and firm performance, thereby addressing a gap in the corporate governance literature. Finally, to address the possible endogeneity and heteroscedasticity issues this study employs the panel Generlised method of moments (GMM).

This research is divided into five parts. The first part is instructions and background of the study. The second section reviews the literature and the formation of hypotheses. The third part contains a detailed discussion of the data-gathering procedure, variable measurement, and research methodology. The fourth section describes the paper's diagnostic tests, empirical analysis, and findings. Finally, the paper ends by discussing conclusions, limitations and making recommendations for further research.

2 LITERATURE REVIEW

2.1 FAMILY OWNERSHIP AND FIRM PERFORMANCE

The concentration of ownership is essential for firms since it enables superior supervision of management through greater ownership size. The separation of ownership from control and agency charges has had an effect on the link between ownership structure and company performance. [7] suggested that family control may eliminate agency conflicts between shareholders and managers. This argument is predicated on the assumption that significant ownership holdings retained by controlling families signal careful management scrutiny. However, family control might create agency issues between controlling and minority owners, as there is a possibility that the former will use the latter for personal gain. Moreover, Agency theory suggests that there is a fundamental disagreement between shareholders and managers, with managers tending to prioritize their own interests over those of the shareholders [8].

A family business is defined as the commitment among family members to control and manage the company's operations, to ensure the success of the business. In Malaysia, the ownership structure of companies is highly dominated by the family. Recent studies have documented FO among Malaysian listed companies to be between 46% and 57% [9]. The impact of ownership structure on firm performance has drawn attention in countries across the globe, including Malaysia, and mixed findings have been reported. Accordingly, the present study initially analyses a set of types of family ownership that are acknowledged to influence the performance of Malaysian listed firms. Family ownership concentration is vital in Malaysia, an important country for family businesses, because of its more significant levels of family ownership concentration, with family firms accounting for approximately 70% of firms in Malaysia and contributing significantly to the country's GDP [10]. According to [11], under some conditions, such as robust minority shareholder protection, family ownership has a favorable effect on a firm's success. [12] utilized panel data from 139 Indonesian listed firms and determined that family ownership had a large and favorable influence on M/B. [13] recently reported that family ownership has a positive influence on Taiwanese business performance. Furthermore, some studies have revealed that family ownership improves firm performance [6], [12], [14]. [12] stated that family firms significantly and positively affect the TQ of 139 Indonesian non-financial companies, whereas institutional ownership negatively influences firm performance. Recently, [15] revealed that family ownership relationship was important in the setting of publicly-traded firms in an emerging market. [16] found that family ownership considerably decreases Firm Performance.

Several studies have reported mixed findings concerning corporate governance and firm performance. Different governance mechanisms resulted in varying levels of performance. This study uses the BOD's characteristics to develop a structural model influencing IC, family ownership, and firm performance. The BOD is important in controlling managers and decreasing agency issues between shareholders and managers [17] and the likelihood of enhancing corporate performance [18]–[20]. The BOD, as noted in the literature, has a fiduciary responsibility to guard and protect shareholders [21]. Dispersed ownership concentrates significant control on managers, and the interests of managers are not in alignment with those of shareholders; hence, it is difficult for shareholders to control managers and, as a result, negatively impacts performance [22]. Additionally, this study assigns a score to the board of directors on the basis of its attributes and suggests a positive impact on family ownership, and firm performance.

2.2 HYPOTHESIS DEVELOPMENT

In light of the theoretical and empirical analysis, this study proposes the following hypotheses: -

H1: Family ownership positively affects ROE.

H2: Family ownership positively affects M/B.

H3: The effectiveness of an aggregate board of directors positively moderates the association between family ownership and firm performance (ROE and M/B).

3 METHODOLOGY

3.1 SAMPLE AND DATA

The main aim of the current study is to evaluate the impact of family ownership on the performance of Malaysian non-financial listed firms. The study employs a balanced panel research design, consisting of 1,500 firm-year observations derived from 300 non-financial companies listed on Bursa Malaysia over five years from 2020 to 2024. Financial firms were excluded due to their distinct regulatory and reporting frameworks, which could bias performance comparisons. Firms were selected based on the availability of complete financial and governance data for all five years of the study period. The sample covers 11 non-financial sectors, namely Industrial Products and Services (81 firms), Consumer Products (75), Construction (20), Energy (20), Properties (13), Telecommunications (9), Utilities (10), Plantation (22), Transportation (20), Technology (21), and Health Care (9), ensuring broad sectoral representation and enhancing the generalizability of the findings.

Data collection was conducted in two stages. First, firm-level financial data, including accounting- and market-based performance indicators and control variables, were extracted from the DataStream database, which is widely used in empirical corporate governance research for its accuracy and standardized reporting. Second, data related to family ownership and board characteristics were manually collected from companies' annual reports, accessed through the official Bursa Malaysia website. Family ownership information was identified based on shareholding disclosures, while board-related data were obtained from the corporate governance and directors' profile sections of the reports.

3.2 RESEARCH FRAMEWORK

In this section, the study framework presents how the research is undertaken, showing the links between variables. Moreover, the current study uses ROE and M/B to measure the dependent variable. The independent variables examined in this study under the two groups represent the IC, its components, and family ownership. Additionally, BODEFF is used as a moderating variable. The study framework is illustrated in Figure 1.

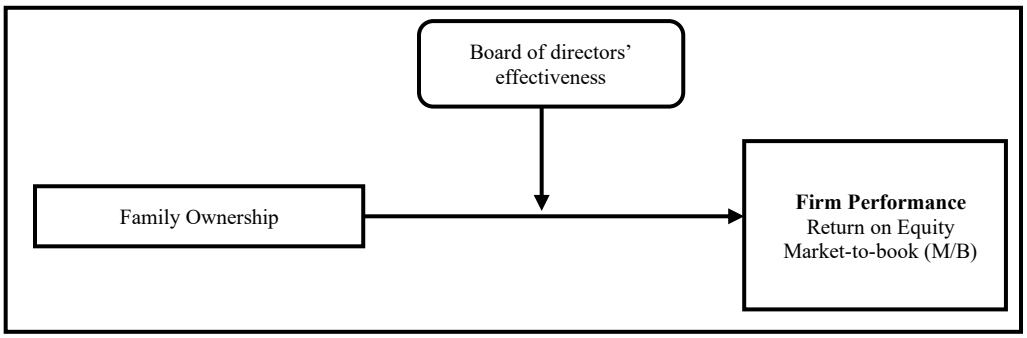

FIGURE 1. Conceptual Framework.

3.3 VARIABLE MEASUREMENT AND MODEL SPECIFICATION

3.3.1 DEPENDENT VARIABLES

The dependent variables investigated are based on profitability measures such as ROE and market-based indicators such as M/B. The ROE of a corporation is derived by dividing its net income by its total [23]–[25]. M/B is an essential performance metric since it represents the value Mahmood created for investors. This study calculates M/B as the ratio of total asset market value to book value.

3.3.2 INDEPENDENT VARIABLES

In this study, a percentage of shares owned by family members is employed to calculate family ownership [6], [12].

3.3.3 MODERATING VARIABLES

Following prior studies [25][26], the present study employs BOD effectiveness as a composite measure. Combining structural variables is suggested to decrease any mistakes in separate structural variables [26]. Furthermore, capturing the cumulative influence of these characteristics is more powerful than individual measurement. As a result, four board attributes are utilized to assess the BOD score variable.

- Board independence (BID) = The ratio of nonexecutive directors who are independent to the overall number of directors present [3], [26].

- Board size (BS) = The number of participants on the Board [3], [26].
- Board meeting frequency (BM) = The number of board meetings for the whole year [3], [26].
- CEO duality (DUAL) = a binary variable with a value of 1 if duality and 0 otherwise [3], [28].

Furthermore, following [26], [27], the process involves finding the median value of each characteristic within the sample and assigning a value of "1" to those that are equal to or greater than the median value. Conversely, a value of "0" is assigned to those below the median value. The values assigned are then summed to provide a composite score ranging from "0" to "4", with a higher score indicating better effectiveness of the board.

3.3.4 CONTROL VARIABLES

The effects of other variables associated with firm-specific and industry factors were used as control variables. Firm size = the natural logarithm of total assets. Firm age = total number of years since its establishment. Leverage = total debt to total assets. Physical capital intensity = fixed assets to total assets.

3.5 MODEL SPECIFICATION

Previous researchers [23] have asserted that endogeneity is a problem in the link between IC and company success. Moreover, the system GMM is used in this study to solve the issue of endogeneity. The GMM was proposed and developed by [29]. Moreover, the GMM estimation method performs better when the error components exhibit serial correlation and heteroscedasticity. The GMM method permits a lag of the dependent variable as well as lags of all exogenous variables [26]. The following equations are then provided.

Models (1) and (2) represent the direct effects of the family ownership on ROE and M/B via two-step system-GMM regressions as follows:

$$ROE_{it} = \alpha_0 + \beta_1 ROE_{it-1} + \beta_2 FMOW_{it} + \beta_3 FSIZE_{it} + \beta_4 FAGE_{it} + \beta_5 LEV_{it} + \beta_6 PHCAP_{it} + \beta_7 INDUTRY_{it} + \varepsilon_{it} \quad \text{Model (1)}$$

$$M/B_{it} = \alpha_0 + \beta_1 M/B_{it-1} + \beta_2 FMOW_{it} + \beta_3 FSIZE_{it} + \beta_4 FAGE_{it} + \beta_5 LEV_{it} + \beta_6 PHCAP_{it} + \beta_7 INDUTRY_{it} + \varepsilon_{it} \quad \text{Model (2)}$$

The moderating effect of the overall effectiveness of BOD (BODEFF) on the relationships among family ownership, and ROE and M/B was investigated through models (3) and (4) as follows:

$$ROE_{it} = \alpha_0 + \beta_1 ROE_{it-1} + \beta_2 FMOW_{it} + \beta_3 BODEFF_{it} + \beta_4 (FMOW_{it} * BODEFF_{it}) + \beta_5 FSIZE_{it} + \beta_6 FAGE_{it} + \beta_7 LEV_{it} + \beta_8 PHCAP_{it} + \beta_9 INDUSTRY_{it} + \varepsilon_{it} \quad \text{Model (3)}$$

$$M/B_{it} = \alpha_0 + \beta_1 M/B_{it-1} + \beta_2 FMOW_{it} + \beta_3 BODEFF_{it} + \beta_4 (FMOW_{it} * BODEFF_{it}) + \beta_5 FSIZE_{it} + \beta_6 FAGE_{it} + \beta_7 LEV_{it} + \beta_8 PHCAP_{it} + \beta_9 INDUSTRY_{it} + \varepsilon_{it} \quad \text{Model (4)}$$

Each of the 4 models has an intercept represented by α and coefficients represented by β1, β2, β3, …… β9. The dependent variables are ROE (Return on Equity) and M/B (Market-to-book ratio), while ROE_{it-1} and M/B_{it-1} represent their lagged values. The variable FMOW denotes family ownership, and BODEFF represents the effectiveness of the board of directors. Additionally, FSIZE, FAGE, LEV, PHCAP, and INDUSTRY are control variables, and ε represents the error term.

4 RESULTS AND DISCUSSION

4.1 DESCRIPTIVE STATISTICS

Table 1 shows the descriptive statistics derived from the complete set of data and each industry examined in the study. The pooled sample's ROE mean is 2.75, which suggests that nonfinancial companies in Malaysia were profitable over the period from 2020-2024. Furthermore, the average M/B value is 1.78, which is relatively high, indicating that these firms' market value exceeds their book value. In addition, family ownership (FMOW) is high in Malaysian companies, with a mean value of 27.33. Hence, this result is slightly greater than the findings of [6]. Finally, the average values of FSIZE, FAGE, LEV, and PHCAP are 13.23, 36.59, 0.20, and 0.35, respectively.

Moreover, FMOW was measured for each industry. Table 1 presents the highest mean value of family ownership reported in the property sector (35.08), followed by the construction sector, with a mean value of 31.86. This finding indicated that most property and construction firms are owned by family members and are family companies. However, energy firms have the lowest average value (15.15) of family ownership.

Table 1. Descriptive statistics of the variables.

	ROE	M/B	FMOW	FSIZE	FAGE	LEV	PHCAP
FULL SAMPLE (N = 1500)							
Mean	2.75	1.78	27.33	13.23	36.59	0.20	0.35
SD	9.90	5.08	24.48	1.54	19.64	0.17	0.25
INDUSTRIAL PRODUCT (N = 405)							
Mean	2.38	0.89	31.56	12.75	35.97	0.18	0.37
SD	7.10	0.86	23.93	1.18	17.02	0.15	0.27
CONSUMER PRODUCT (N = 375)							
Mean	4.37	2.86	28.34	13.0070	41.32	0.18	0.34
SD	11.74	7.37	25.55	1.49	22.96	0.15	0.19
PLANTATION (N = 100)							
Mean	2.3	1.06	27.39	14.25	48.22	0.21	0.63
SD	5.22	0.71	24.34	1.28	26.29	0.15	0.23
TECHNOLOGY (N = 100)							
Mean	5.68	2.54	17.64	12.31	28.21	0.11	0.21
SD	12.71	2.66	20.005	1.2	12.91	0.16	0.16
CONSTRUCTION (N = 65)							
Mean	3.00	0.97	31.86	13.56	31.56	0.25	0.099
SD	6.26	0.64	24.21	1.23	15.66	0.19	0.088
ENERGY (N = 45)							
Mean	-4.5	0.97	15.15	14.22	26.12	0.32	00.48
SD	14.61	1.003	18.87	1.46	12.04	0.2	0.23
TRANSPORTATION (N = 50)							
Mean	-0.16	1.13	20.04	13.67	35.54	0.27	0.47
SD	10.71	1.13	23.84	1.75	19.01	0.17	0.24
PROPERTY (N = 110)							
Mean	0.02	0.78	35.08	12.93	36.23	0.21	0.18
SD	6.12	0.68	23.94	1.29	15.62	0.21	0.24
UTILITIES (N=100)							
Mean	4.59	1.4	22.06	15.98	36.6	0.29	0.44
SD	3.95	0.96	26.2	1.84	13.23	0.20	0.28
HEALTH CARE (N=105)							
Mean	7.52	2.55	31.27	13.72	29.67	0.22	0.44
SD	7.72	1.94	24.46	1.28	7.59	0.14	0.15
TELECOMMUNICATIONS (N=45)							
Mean	6.24	8.81	16.28	13.67	27	0.24	0.29
SD	9.59	19.92	19.59	1.89	9.23	0.19	0.19

4.2 PEARSON CORRELATION

The correlation analysis reveals the associations between pairs of variables. Correlation analysis of the independent variables is used to determine the study's direction and strength of the relationship. The Pearson correlation matrix is reported in Table 2 FMOW, FSIZE, and FAGE have positive and statistically strong correlations with ROE and M/B. Additionally, to overcome the issue of multicollinearity, the study examined the variance inflation factor (VIF) value for all variables, which was less than 10, implying that there was no multicollinearity issue present in the study.

Table 2. Correlation matrix.

Variables	1	2	3	4	5	6	7	VIF
1.ROE	1							
2.M/B	0.32***	1						
3.FMOW	0.09***	-0.14***	1					1.25
4.FSIZE	0.19***	0.01***	-0.06**	1				2.02
5.FAGE	0.08***	0.13***	0.03	0.12***	1			1.12
6.LEV	-0.11***	0.03	-0.05*	0.40***	0.003	1		1.26
7.PHCAP	-0.08***	0.01	-0.03	0.09***	-0.02	0.11***	1	1.06

4.3 EFFECTS OF FAMILY OWNERSHIP ON FIRM PERFORMANCE

Table 3 displays the results of a system GMM regression examining the influence family ownership on firm performance (ROE and M/B). In all two regressions, the lagged values of ROE and M/B show a positive relationship with the current year's ROE and M/B, which is highly significant at the 1% level.

The coefficient of family ownership (FMOW) in Model (1) is positive and statistically significant at the 10% significance level with ROE. This result supports H1 and is similar to findings of [1], [6], [12], suggesting that FMOW has a favorable influence on improving firm performance in Malaysia. This is because positive family-controlled companies can monitor performance and minimize agency costs [30]. However, FMOW negatively and significantly affects M/B. This means

that family ownership also leads to lower M/B. This result failed to support H2 in the current study which is H2 rejected. Surprisingly, FMOW had no effect on M/B in either Model (2).

With respect to the control variables, firm size is positively related to ROE and M/B. This implies that large firms may enhance their performance, which is consistent with the findings of [31]. In addition, firm age significantly and negatively affects M/B. Moreover, the sign of firm leverage in all four models is negative. This would suggest that more profitable Malaysian nonfinancial firms use less debt capital, as they have more internal financing to rely on. Therefore, consistent with [23], this study failed to report a significant association between physical capital intensity (PHCAP) and ROE or M/B.

Table 3. Two-step system GMM direct relationship.

Variables	Model 1 (ROE)	Model 2 (M/B)
	Coeff./p value	*Coeff./p value*
Lagged of DV	0.315***	0.118***
	(0.000)	(0.000)
FMOW	0.052*	-0.004***
	(0.052)	(0.02)
FSIZE	-0.708	0.066***
	(0.248)	(0.000)
FAGE	0.031	-0.008***
	(0.376)	(0.005)
LEV	-15.24***	-0.986***
	(0.001)	(0.151)
PHCAP	-7.145**	0.0885
	(0.049)	(0.525)
_CONS	7.601	-0.0574
	(0.281)	(0.743)
Dummy industry	Included	Included
No. of obs.	*1,200*	*1,200*
No. of groups	*300*	*300*
AR (1)	*0.000*	*0.000*
AR (2)	*0.501*	*0.603*
Hansen-J test	*0.226*	*0.188*
Prob > F	*0.000****	*0.000****

4.4 MODERATE IMPACT OF BOD EFFECTIVENESS ON FAMILY OWNERSHIP ON PERFORMANCE

This part provides empirical findings on the moderating role of directors' effectiveness (BODEFF) in the associations between family ownership and firm performance.

Table 3 (direct effect) shows a positive coefficient between family ownership and Model 1 (ROE) (Coeff 0.052, P= 0.052). However, Table 4 shows that the coefficient of the interaction relationship between FMOW and BODEFF strengthened the relationship's positive direction with Model 3 (ROE) (Coeff 0.031, P= 0.015). The findings showed that the composition and individual characteristics of the BOD, such as the qualifications, experience, abilities, and attributes of its members, influence the performance and value of a company. This result is similar to those of prior studies by [1], [6], [32]. Additionally, Table 3 (direct effect) shows an insignificant negative connection between family ownership and Model 2 (ROE) (Coeff -0.004, P= 0.2). Thus, the interaction coefficient of BODEFF and family ownership is insignificant with Model 4 (ROE) (Coeff 0.026, P= 0.12). Therefore, the findings establish that BODEFF could not influence the relationship between FMOW and ROE. The findings indicate that BODEFF may enhance board efficiency and monitoring management performance and increase the likelihood of supplying external investors with more voluntary knowledge. These findings are in line with those of [33]–[35].

4.5 VALIDITY OF THE RESULTS AND ROBUSTNESS CHECK

As the two-step GMM system depends on instruments, their reliability is crucial for accurate GMM results [36]. The two-step system GMM method addresses endogeneity issues for various independent variables, not limited to firm performance, by utilizing numerous instrumental factors derived from lagged variables [36]. In addition, two diagnostic procedures are employed: the Hansen J test to assess the validity of the instruments and tests for first-order and second-order serial correlation.

Table 4. Two-step system-GMM – indirect relationship.

Variables	Model 3 (ROE)	Model 4 (M/B)
	Coeff./p value	Coeff./p value
Lagged of DV	0.309***	0.608***
	(0.000)	(0.000)
FMW	-0.06*	-0.015***
	(0.078)	(0.000)
BODEFF	-0.541	-0.146***
	(0.218)	(0.000)
BODEFF*FMOW	0.026	0.005***
	(0.12)	(0.003)
SIZE	0.633***	0.029*
	(0.000)	(0.066)
AGE	-0.044*	-0.006***
	(0.095)	(0.000)
LEV	-11.395***	-0.288***
	(0.000)	(0.008)
PHCAP	-1.449	0.327***
	(0.43)	(0.004)
_CONSTANT	-4.599**	0.229
	(0.033)	(-0.191)
Dummy Industry	Included	Included
No. of obs.	*1,200*	*1,200*
No. of groups	*300*	*300*
AR (1)	*0.000*	*0.000*
AR (2)	*0.325*	*0.107*
Hansen-J test	*0.177*	*0.249*
Prob > F	*0.000****	*0.000****

Tables 3 and 4 show the outcomes of the initial two diagnostic tests, and they are presented subsequent to the outcomes of the GMM estimator. The Hensen-J test findings support that all the instruments included in the models are exogenous, valid, and exhibit a probability value greater than the threshold for significance (P> 0.1). Likewise, the examination of the AR (2) test revealed that the values of p for Model (1) to Model (4) exceeded 0.1 (P > 0.1), indicating the absence of a serial correlation. Furthermore, the results of the system GMM diagnostic tests suggest that the estimators are dependable and appropriate for use in supporting the empirical analysis of the study [27] [41].

CONCLUSION AND RECOMMENDATIONS

The primary aim of this study is to examine whether the relationship between the family ownership of nonfinancial firms in Malaysia can be moderated by the effectiveness of board structure. In addition, family ownership, and business performance have been the subject of several studies, their position has remained ambiguous in emerging nations such as Malaysia. Prior research has often concentrated on a particular sector and ignored the contributions of all Malaysian nonfinancial firms.

The empirical results indicate that BODEFF and family ownership likely improve firm performance. The results suggest that the performance and value of a corporation may be affected by the structure, makeup, and individual qualities of the directors, such as the skills, qualifications, and experience of its members. Furthermore, the nonsignificant relationship between family ownership and M/B becomes negative through the interaction of BODEFF, family ownership, and M/B. This revealed that not all directors in Malaysia pay more attention to intangible assets such as databases, processes, innovations, and products. Moreover, this research shows that increasing the percentage of family ownership in Malaysian nonfinancial enterprises might enhance corporate performance.

The study has numerous practical contributions for different users of financial information, such as policymakers, Malaysian listed firms, investors, managers, and regulators, concerning the impact of value creation on firm performance. Also, policymakers in Malaysia need to consider the relationships between family and financial performance holistically and strategically. By promoting a level playing field, fostering transparency and accountability, and creating an environment that encourages investment, Malaysia can continue to attract investment and achieve sustainable economic growth. In addition, the results of this study could provide valuable insights to policymakers and regulators regarding the significance of a characteristics board of directors, which is regarded as a vital feature of Malaysia's corporate governance framework in its efforts to enhance and boost the performance of companies in the country.

In terms of the relationship between ownership structure and firm performance, the present study extends the existing literature using the agency theory to investigate the influence of family, government, and foreign ownership on firm performance. Very few studies have investigated the association between ownership structure using accounting and

market-based performance in the extant literature. Another theoretical implication of this study is the moderating impact of the board of directors' effectiveness on the relationship between family ownership with firm performance. The findings support the agency theory that the BODEFF will ensure that the interest of shareholders and stakeholders is met by overseeing the firm's executive management.

Although this study provided useful insights, there are certain limits and opportunities for development that should be addressed in future research. First, because this study only looked at nonfinancial enterprises in Malaysia, the conclusions may not be applicable to financial organizations. Future studies should thus broaden the sample to include financial businesses and examine linkages. Second, this study focused solely on the board of directors' efficacy as a moderator on the basis of four particular features. Individual or board-of-director variables such as gender diversity, board attendance, directors' age, board expertise, or audit committees might be investigated in future studies. Finally, this study focused solely on the association between family ownership and company performance. Other forms of ownership, such as state, director, foreign, and local ownership, should be investigated in the future.

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