

Family Firm Ownership Impact on Performance: Evidence from India

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Abstract

This study aims to explore the family firm ownership impact on the performance of firms listed on the Bombay Stock Exchange (BSE) of India. A final sample data set was the top 50 family firms-years among all segments represented during the period from 2017/ 2018 to 2019/2020. The paper uses quantitative analysis methods; secondary data were collected from various sources. The study concentrated on the relationship between family equity ownership and family participating governance mechanism's impact on the firm performance in the emerging economy. The results show family firm ownership and firm's performance variables (ROA, ROE, and TQ) have a positive relationship. It also investigates family participation in governance variables: e.g., family member's CEO/MD is also the chairman (dual role) result has a negative relationship with ROA, ROE, and TQ. However, the family board representation variable result shows a positive relationship with ROA, ROE, and TQ but insignificant. Other variables, family members succeeding as CEO/MD result is mixed; a positive relation with TQ, but negative with ROA and ROE. At the same time, the type of leadership that a nonfamily person succeeds as CEO/MD results in negative relation with TQ, and a positive with ROA and ROE is identified.

Keywords: Family Firm; Ownership, Firm Performance, Corporate Governance, India