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Investigating the Impact of Corporate Governance and Company Strategy on the Performance of Family-Owned Companies[1]

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Research Paper

INTRODUCTION

Corporate governance is one of the most important topics of the day in the field of management and guidance of companies and a system for monitoring and controlling managers. This issue is especially in the field of the capital market, it has been noticed by the supervisors and the compilers of the regulations and they pay special attention to its implementation. On the other hand, companies are also aware of the effects of implementing this issue and consider it one of the factors to improve their performance. Good corporate governance is a concept that is related to the structure of the company, the division of duties, the division of authority, and the division of responsibilities of each element of the company. The principles of good corporate governance include transparency, accountability, responsibility, and fairness. Good corporate governance is a system that creates added value for all stakeholders, including primary stakeholders such as employees and managers, suppliers, business partners, and society, and secondary stakeholders such as the government, various institutions, businesses, social groups, academics, and competitors. he does

MATERIALS AND METHODS

The main purpose of the current research is to investigate the impact of corporate governance and company strategy on the performance of family-owned companies among the companies admitted to the Tehran Stock

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Exchange. The current research is in the descriptive-correlational research group in terms of its practical purpose and data collection method.

The current research is descriptive and correlational. The statistical population of this research includes all companies accepted in the Tehran Stock Exchange, which have been active in the stock exchange from 2014 to 2019.

To test hypotheses, multivariate regression methods were used using Eviews software (version) and using panel data method - fixed effects and pooled data method. To test the hypotheses, the research sample of 183 companies was analyzed

RESULTS AND DISCUSSION

The findings show that there is an inverse and significant relationship between family ownership and the financial performance of companies in the period under review. Various things can be mentioned in this connection. For example, in family-owned companies, managers are always looking for their interests, and due to the lack of high supervision and control from other managers who probably have a family relationship, they often engage in self-interested activities. On the other hand, this group of managers does not show much desire and trust in other managers (non-family managers), which can ultimately reduce the performance of family-owned companies.

Also, the findings show the direct moderating effect of family ownership on the relationship between board independence and the financial performance of companies. These findings emphasize the important supervisory and control role of non-executive managers. Also, the findings show the direct moderating effect of family ownership on the relationship between managers' compensation and the financial performance of companies. In connection with these findings, it can be pointed out that the remuneration of managers is calculated based on the profitability of companies and is one of the most important concerns of managers. Increasing the financial performance of companies, can make the company's prospects look good and also increase the managers' incomes and bonuses.

Keywords: Corporate Governance, Corporate Strategy, Financial Performance, Family Ownership.

JEL Classification: M42, G34.