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**Juniarti . <yunie@petra.ac.id>**

# IJBG_92111 Submission Acknowledgement

1 message

**Online Submissions** <submissions@inderscienceemail.com> Mon, Sep 22, 2014 at 5:01 PM
Reply-To: Online Submissions <submissions@inderscienceemail.com>, Submissions Manager <submissions@inderscience.com>
To: PhD Student Juniarti -- <yunie@petra.ac.id>

Dear PhD Student Juniarti --,

Thank you for submitting your article entitled "The Negative Impact of Family Ownership Structure on Firm Value in Emerging Countries (Case study in Indonesia)" (Submission code: IJBG-92111) for the International Journal of Business and Globalisation (IJBG).

Your article has been processed to be refereed.

You can track the progress of your article by logging in at the following Web page:

URL: http://www.inderscience.com/ospeers/login.php
Username: juniarti_12
Password: tx2011lux

How long will take to review your article?
Between three to six months. You should directly contact to the editor of the Journal if your article is still under review after five months of submission. If you do not receive a satisfactory reply from the journal editor, please contact submissions@inderscience.com

Thank you for your interest in our journal.

Best regards,

pp. IJBG Editor
Inderscience Publishers Ltd.
submissions@inderscience.com

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Juniarti . <yunie@petra.ac.id>

# Refereeing Process: Editor comments IJBG-92111

3 messages

**Online Submissions** <submissions@inderscienceemail.com> Thu, Dec 4, 2014 at 1:43 AM
Reply-To: Online Submissions <submissions@inderscienceemail.com>, Submissions Manager <submissions@inderscience.com>
To: PhD Student Juniarti -- <yunie@petra.ac.id>, "Prof. Leo Paul Dana" <lp.dana@montpellier-bs.com>

Dear Author(s),

We have received the review reports for your paper "The Negative Impact of Family Ownership Structure on Firm Value in Emerging Countries (Case study in Indonesia)".

We require now that you implement in your submission the following recommendations made by the reviewers:

Reviewer A Comments:
==================
Changes which must be made before publication:
Please justify case study method by citing relevant articles. See for example:
“Expanding the Scope of Methodologies Used in Entrepreneurship Research,” International Journal of Entrepreneurship and Small Business 2 (1), 2005, pp. 79-88.
We appreciate when you cite Inderscience journals such as International Journal of Entrepreneurship and Small Business
Also please note some readers do not know well your country. Please cite relevant books that are recent for example:Asian Models of Entrepreneurship – From the Indian Union and the Nepal to the Japanese Archipelago: Context, Policy and Practice, Second Edition, Singapore & London: World Scientific, 2014,

Reviewer B Comments:
==================
Changes which must be made before publication:
The author(s) has try to treat a very interesting topic and do a fine research. I think that the author(s) should improve the section on literature review (theoretical background), especially to consider the works of John L. Ward (for example: Creating Effective Boards for Private enterprises, pg.219-225), in which are treated the ownership in a perfect manner. Please, also see: Hoy, F., & Sharma, P. (2010). Entrepreneurial Family Firms. Upper Saddle River, NJ: Pearson Prentice Hall - especially chapters 3, 8 and 11. This article is also valuable for the authors(s) manuscript: Koiranen, M., (2002), Over 100 years of age but still entrepreneurially active in business: Exploring the values and family characteristics of old Finnish family firms, Family Business Review, 15 (3), 175-188.
The author(s) has formulated only one hypothesis (H1: Family ownership has a negative impact on firm value) and I think it should be more specific, let say in which way Family ownership has negative impact on firm value, or based on this recommendation, the author(s) can increase the number of hypotheses and in this way can increase the quality of the research.
Many of references are listed/cited in an unappropriated way, for example: Darmadi, S. (2013). Retrieved June 3, 2013, from SSRN: http://ssrn.com/abstract=1999809, where is missing the name of the paper.

NOTE: Please send an email to the editor to acknowledge the reception of this email notification. The editor needs to make sure that messages reach the authors and don't delay the review process.

- - - - - - - - - - - - - - - - - - - - -
Instructions

1) To help the reviewer(s) verify that you have made the required corrections, please append a summary of the modifications made at the beginning of your revised manuscript.

2) Append figures, images and tables at the end of your revised manuscript.

3) To upload your revised version, please:
Login via http://www.inderscience.com/ospeers/login.php
if you do not remember your username or password, you can recover it via http://www.inderscience.com/forgotpw.php)
Then point your browser to
http://www.inderscience.com/ospeers/admin/author/articlestatus.php?id=92111 and scroll-down to find the input box "Author's revised version of file".
Click on 'Browse...' to select the revised document to be submitted and click 'Upload'.

4) Click on "Editor/Author Comments" to access the referee(s) comments and possible annotated files.

If you have problems uploading the file with your revised manuscript please contact submissions@inderscience.com indicating the submission ID of your article.

- - - - - - - - - - - - - - - - - - - - -

IMPORTANT: If we do not receive your revised manuscript within 3 months your manuscript will be considered as a new submission and will be sent to a new round of reviews.

Your prompt attention is much appreciated.

pp. Prof. Leo Paul Dana
Int. J. of Business and Globalisation (IJBG)
submissions@inderscience.com

---

**Juniarti .** <yunie@petra.ac.id> Thu, Dec 4, 2014 at 5:29 PM
To: Online Submissions <submissions@inderscienceemail.com>, Submissions Manager <submissions@inderscience.com>

Dear Editor,

Thank you for your notification of the results of a review of my paper, I will try to improve my article in accordance with the input of the reviewers.

best regards,
Juniarti
[Quoted text hidden]

---

**Submissions** <submissions@journalservice.net> Fri, Dec 5, 2014 at 10:08 AM
To: "Prof. Leo Paul Dana" <lp.dana@montpellier-bs.com>
Cc: "Juniarti ." <yunie@petra.ac.id>

Dear Editor,

FW for your information.

Best regards,

Joane

submissions@inderscience.com

[Quoted text hidden]

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Juniarti . <yunie@petra.ac.id>

# Refereeing Decision IJBG_92111

1 message

**Inderscience Online** <noreply@inderscienceemail.com> Wed, Jan 7, 2015 at 3:43 PM
Reply-To: Inderscience Online <noreply@inderscienceemail.com>, Submissions Manager <submissions@inderscience.com>
To: yunie@petra.ac.id, Editor <lp.dana@montpellier-bs.com>

Dear author(s) Juniarti --,

Ref: Submission "The Negative Impact of Family Ownership Structure on Firm Value in Emerging Countries (Case study in Indonesia)"

Congratulations, your above mentioned submitted article has been refereed and accepted for publication in the International Journal of Business and Globalisation. The acceptance of your article for publication in the journal reflects the high status of your work by your fellow professionals in the field.

You need now to login at http://www.inderscience.com/login.php and go to http://www.inderscience.com/ospeers/admin/author/articlelist.php to find your submission and complete the following tasks:

1. Save the "Editor's post-review version" on your local disk so you can edit it. If the file is in PDF format and you cannot edit it, use instead your last MS Word revised version, making sure to include there all the review recommendations made during the review process. Rename the new file to "authorFinalVersion."

2. Open the "authorFinalVersion" file and remove your reply or any response to reviewers that you might have in the front of your article.

3. Restore the author's identification, such as names, email addresses, mailing addresses and biographical statements in the first page of your local file "authorFinalVersion."

4. IMPORTANT: The paper is accepted providing that you, the author, check, edit and correct the English language in the paper. Please proofread all the text and make sure to correct any grammar and spelling mistakes.

5. Save your changes in the file "authorFinalVersion" and use the "Browse…" and "Upload" buttons to upload the file on our online system.

6. Click on "Update Metadata" to correct the title, abstract and keywords according the recommendations received from the Editor. You must make sure that the title, abstract and keywords are totally free of English Spelling and Grammar errors. Do not forget to click the "Update" button to save your changes.

7. Once you have updated the metadata, check the box "Yes."

8. Upload a zipped file with the Copyright Agreement forms signed by each author. We need a signed author agreement form for every author and every co-author. Please insert the full names of all authors, reflecting the name order given in the article.

9. To see a sample of real articles that have been published in the International Journal of Business and Globalisation visit http://www.inderscience.com/info/ingeneral/sample.php?jcode=ijbg.

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Your continuing help and cooperation is most appreciated.

Best regards,

On-line Submissions System
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pp. Prof. Leo Paul Dana

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**Juniarti . <yunie@petra.ac.id>**

# Editorial Review Author Response IJBG_92111

1 message

**Online Submissions** <noreply@inderscienceemail.com> Wed, Jan 7, 2015 at 3:12 PM
Reply-To: Online Submissions <noreply@inderscienceemail.com>
To: "Prof. Leo Paul Dana" <lp.dana@montpellier-bs.com>, Juniarti -- <yunie@petra.ac.id>

Dear Prof. Leo Paul Dana,
International Journal of Business and Globalisation (IJBG)

I have made the requested changes and uploaded a revised Author Version, as well as noting those changes in the "Editor/Author" Comments.

Regards,

Author Juniarti --

UNIVERSITAS KRISTEN PETRA

Juniarti . <yunie@petra.ac.id>

# IJBG 15020X JUNIARTI proof of paper for confirmation

3 messages

**Inderscienceproofs** <inderscienceproofs@athenaeservices.com> Wed, Mar 4, 2015 at 4:28 PM
To: "Juniarti ." <yunie@petra.ac.id>

**PROOFS OF PAPER FOR CHECKING**

**Title: The negative impact of family ownership structure on firm value in the context of Indonesia**

Dear Author

The amendments you requested to your paper have been incorporated and I attach a copy for you to confirm the changes have been made correctly as it may not be possible to make any further amendments at this stage before publication.

To avoid delay to publication it is important that you email confirmation of your acceptance of the proof as soon as possible and certainly within the next seven days. If we do not hear from you again within this time we will process the corrected paper for publication.

You will receive a pdf via email with full citation and page numbers when the issue is sent to press.

The paper can be seen listed as forthcoming at: http://www.inderscience.com/info/ingeneral/forthcoming.php?jcode=IJBG

Many thanks

Kind regards

On behalf of Inderscience Publishers

**From:** Juniarti . [mailto:yunie@petra.ac.id]
**Sent:** Wednesday, February 18, 2015 2:50 PM
**To:** Inderscienceproofs
**Subject:** Re: IJBG 15020X JUNIARTI proof of paper for first checking

Attached is amendments to proof. I have already completed some missing things and any comments on my paper, Thank you for your kind cooperation.

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On Sat, Feb 14, 2015 at 10:35 AM, Inderscienceproofs <inderscienceproofs@athenaeservices.com> wrote:

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**Please ensure that you send ALL amendments with your reply as it is unlikely that any further changes will be possible. You will be sent a final revised version to approve after your amendments have been incorporated.**

With regard to keywords, please check ALL the essential words/terms from the title and abstract are included; if more than 1 word, the words should be a phrase, not a description. Therefore, please check papers for:

a. do the words/phrases in the title appear in the keywords – NO – then please add

b. are there enough keywords in the field? (i.e. if there are only 2-3 keywords, then probably not – please expand)

c. are there long phrases with 'of' and 'and' in them? (YES – then please re-format into key phrases).

Where applicable, the title of the journal should also appear in the keywords (e.g. for International Journal of Nanotechnology, 'nanotechnology' should appear in the keywords; for International Journal of Environment and Pollution, 'environmental pollution' would be the phrase to use. This is obviously more applicable to some journals rather than others.

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copy a portion of the text that needs correcting so we can locate them making the implementation of corrections more accurate
- make annotations on the PDF

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**If the quality of the colour figure supplied is not suitable to be produced in colour, it will only be shown in black and white in the online version. However, if colour is essential to the figure please send a better quality colour image with your proof reply**

Where there is more than one author, please indicate who is the corresponding author if not already shown and kindly respond to any queries in the paper.

Many thanks

Kind regards

On behalf of Inderscience Publishers

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**Juniarti .** <yunie@petra.ac.id> Thu, Mar 5, 2015 at 12:22 PM
To: Inderscienceproofs <inderscienceproofs@athenaeservices.com>

Dear Publisher,

I have read it, and I accept tha last version attached.

Thank you for your kind cooperation.

Best regards,
Juniarti
[Quoted text hidden]

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**Inderscienceproofs** <inderscienceproofs@athenaeservices.com> Fri, Mar 6, 2015 at 9:45 AM
To: "Juniarti ." <yunie@petra.ac.id>

Dear Author,

Acknowledging the receipt of your e-mail.

Thank you.

Regards,

Jeng Nepomuceno-Silo

[Quoted text hidden]

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**Juniarti . <yunie@petra.ac.id>**

# IJBG 15020X JUNIARTI proof of paper for first checking

3 messages

**Inderscienceproofs** <inderscienceproofs@athenaeservices.com> Sat, Feb 14, 2015 at 10:35 AM
To: yunie@petra.ac.id

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Dear Author

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**Please check the paper and confirm acceptance or let me have any amendments/ changes within 2 weeks of the date of this e-mail.**

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***This paper is a revised and expanded version of a paper entitled [title] presented at [name, location and date of conference].***

**Please ensure that you send ALL amendments with your reply as it is unlikely that any further changes will be possible. You will be sent a final revised version to approve after your amendments have been incorporated.**

With regard to keywords, please check ALL the essential words/terms from the title and abstract are included; if more than 1 word, the words should be a phrase, not a description. Therefore, please check papers for:

a. do the words/phrases in the title appear in the keywords – NO – then please add

b. are there enough keywords in the field? (i.e. if there are only 2-3 keywords, then probably not – please expand)

c. are there long phrases with ‘of’ and ‘and’ in them? (YES – then please re-format into key phrases).

Where applicable, the title of the journal should also appear in the keywords (e.g. for International Journal of Nanotechnology, ‘nanotechnology’ should appear in the keywords; for International Journal of Environment and Pollution, ‘environmental pollution’ would be the phrase to use. This is obviously more applicable to some journals rather than others.

Detailed requirements for papers can be found on the Inderscience website www.inderscience.com under Notes for Authors.

**To ensure the publication schedule is maintained and in the event of you not replying within this timescale, contact will be made with the Editor of the issue and it is possible that the paper will be held back from publication.**

**It is the policy of Inderscience Publishers not to publish any papers unless final approval of the edited copy has been obtained from the author.**

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  copy a portion of the text that needs correcting so we can locate them making the implementation of corrections more accurate
- make annotations on the PDF

**If any figures appear in colour, please note that they will only appear in colour in the online version but in the printed version they will be in black and white.**

**If the quality of the colour figure supplied is not suitable to be produced in colour, it will only be shown in black and white in the online version. However, if colour is essential to the figure please send a better quality colour image with your proof reply**

Where there is more than one author, please indicate who is the corresponding author if not already shown and kindly respond to any queries in the paper.

Many thanks

Kind regards

On behalf of Inderscience Publishers

**2 attachments**

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**Juniarti .** <yunie@petra.ac.id> Wed, Feb 18, 2015 at 1:50 PM
To: Inderscienceproofs <inderscienceproofs@athenaeservices.com>

Attached is amendments to proof. I have already completed some missing things and any comments on my paper,

Thank you for your kind cooperation.

Best regards,
Juniarti
[Quoted text hidden]

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**Inderscienceproofs** <inderscienceproofs@athenaeservices.com> Fri, Feb 20, 2015 at 9:57 AM
To: "Juniarti ." <yunie@petra.ac.id>

Dear Author,

Thank you for your e-mail and for the amendments.

The amended proof will be sent to you for your approval once ready.

Regards,

Jeng Nepomuceno-Silo

[Quoted text hidden]

# The negative impact of family ownership structure on firm value in the context of Indonesia

Juniarti

Airlangga University, Indonesia

and
Petra Christian University,
Siwalankerto 121-131 Surabaya,
East Java, Indonesia
Email: yunie@petra.ac.id

Comment [t1]: Author: Please provide the author's name with first name initials.

Comment [t2]: Author: Please provide full mailing address of Juniarti.

**Abstract:** A number of studies concluded that family ownership structure increased firm's performance and also firm value. However, the benefit of family ownership will elapse when the opportunity to expropriate minority exists (Jiang and Peng, 2011). According to Claessen et al. (2000), higher entrenchment occurred in Indonesia, together with Philippines and Thailand. As of 16.6% of Indonesia's public companies was controlled by family as a single majority shareholder, on the other hand, the low law enforcement and the lowest corruption index are another fact in Indonesia. In such a condition it is expected that family ownership has a negative impact on firm value. Using big capitalisation public companies listed in Indonesia Stock Exchange (IDX) as a research sample, this study supports the hypothesis that there is a negative impact of family ownership on firm value, at the significance level of 10%.

**Keywords:** family ownership structure; firm value; expropriation; Indonesia.

**Reference** to this paper should be made as follows: Juniarti (xxxx) 'The negative impact of family ownership structure on firm value in the context of Indonesia', *Int. J. Business and Globalisation*, Vol. X, No. Y, pp.xxx–xxx.

**Biographical notes:** Juniarti is a doctoral student in Accounting at the University of Airlangga. She is a Senior Lecturer in the Department of Accounting Business of Petra Christian University. She likes to follow the latest developments in the field of accounting research and presented her research in several international conferences and actively publish her writings in various national and international journals. In addition to teaching, she is also the Chief Editor of the *Journal of Accounting and Finance*, which is slightly among nationally accredited journals. Her research interests are in financial and management accounting, especially related to family firm business, good corporate governance, corporate social responsibility and sustainable development issues.

This paper is a revised and expanded version of a paper entitled [title] presented at SGBED Conference, Ancona, Italy, 16–18 July 2014.

Comment [t3]: Author: Please complete where highlighted.

## 1 Introduction

Family ownership structure has become as one of the interested topics to be studied, particularly its effects on firm value. Villalonga and Amit (2006), Maury (2006), Jiang and Peng (2011), Barontini and Caprio (2005), Anderson and Reeb (2003) and Claessen et al. (2000) are some of the researcher that actively studied this topic. Villalonga and Amit (2006) examined whether family ownership, control and management, influence firm value. By using the company's data-Fortune-500 companies, during the years 1994 to 2000, Villalonga and Amit (2006) found that family ownership creates added value if the founder acts as the CEO or the Chairman of the Board of Commissioners with CEOs recruited from outside.

Maury (2006) conducted a study to examine how the performance of a company controlled by the family (family-control) compared with companies that are not controlled by the family in 1,672 non-financial companies in the region of Western Europe. The study objective was to confirm the existence of control by the family, whether the performance of the family control better than non-family control, given the diversity of the various results of previous studies. The results showed that family-controlled companies is positively associated with higher performance than companies that are not controlled by the family.

Jiang and Peng (2011) observed whether the family ownership and control play an important role in major companies in Asia, since there is still a puzzle regarding the association between the family ownership concentration and control on the one hand and performance on the other, whether good, bad or not related. The study was conducted on 744 large public companies in eight Asian countries. The study was designed in two studies, study I and study II. The study II is study I added with a variable level of investor protection. The results of the study I showed that the existence of the family as the CEO is positively related to performance, supported by two countries, i.e., Indonesian and Taiwan. The study II exhibited that the presence of the family as the CEO is positively associated with performance in the countries with low level of investor protection. Further, the existence of pyramid ownership on the contrary, was positively related to performance in countries with high levels of investor protection as supported by Hong Kong, Malaysia and Singapore, except Indonesia and South Korea.

This result enhanced the previous research and provided better explanation on the diversity of the research related to whether family ownership contributes benefits to the performance of the company. This study successfully demonstrated that the supremacy of law in each country as shown by the level of investor protection is the useful factor to distinguish the presence or absence of a family control to the company's performance. It also entailed that the state is not always neutral in the relationship between family ownership and performance.

Barontini and Lorenzo (2006) searched 675 companies in eleven countries of Continental Europe. The purpose of the study was to investigate the association of ownership structure, firm value and performance. The study indicated that family ownership structures did not decrease firm value and performance. The existence of company's founder control and the presence of descendant in the board of director were significantly affect firm value and performance. However, if the descendant as CEO, the company's value and performance were not different from non-family corporate ownership. The results are in line with the findings of several previous studies that family ownership is positively related to the performance and firm value. However, care should be taken in interpreting these results due to several factors that have not been anticipated in the test, such as the level of investor protection as conducted by Jiang and Peng (2011).

Anderson and Reeb (2003) examined the relationship between the family as the founding family, ownership and corporate performance in the 403 companies included in the S&P 500, for period 1992 to 1999. The results denoted that the performance of firms with founding family firm is much better than with non-founding family firm. Based on further analysis, it was found that the relationship between the founding family firm performance is nonlinear, family CEO has better performance as compared to non-family CEO. Overall these results reject the agency hypothesis, in other words, family ownership is an effective ownership structure.

On the other hand, Demsetz (1983) argues differently, that concentration of ownership is the result of a decision to maximise the profit made by the shareholders at this time, therefore there is no effect on firm value. Some research supports Demsetz and Lehn (1985), Himmelberg et al. (1999) and Demsetz and Villonga (2001). Claessens et al. (2000), specifically stated that Indonesia is a country with concentrated ownership, 16.6% of the total listed companies as a public company controlled by the family as a sole proprietor. Meanwhile, Jiang and Peng (2011) said that the level of rule of law in Indonesia is relatively low at 3.98 and has the lowest corruption index among the countries in the East Asia region, i.e., 2.15, implied that the level of investor protection is very weak. In such condition, the family ownership has a big opportunities to expropriate minority shareholders.

It is therefore interesting to study further in the context of Indonesia, where the level of investor protection is weak and corrupt, to prove allegations that family ownership does not have a positive impact on firm value due to agency conflicts between owners actually exist, the latter, this study once wanted to confirm the results research (Jiang and Peng, 2011), that in Indonesia, the presence of family ownership negatively affect performance.

## 2 Theoretical review and hypotheses development

### *2.1 Family ownership*

The definition of family firm or family ownership is very broad, and is different from research to research. Neubauer and Lank (1998) tried to construct the development concept of family firm from 1975 to 1988, to identify aspects that exist in the family firm, which are controlled by the family, founded by the owners expected later replaced by its successor, the family members will share in the company profit, important decisions and succession planning are influenced by family members and relatives have legal control over the company (Casillas et al., 2007). While Villalonga and Amit (2006) stated that family firm as a company extensively owned by family, including

1 one or more family members are as a company's director or board of directors or a majority shareholder

2 a company that at least one of its members on the board of commissioners or management

3 the company's largest voting rights or number of shares owned by the largest families

4 the company's second generation of one or more family members are as management or directors, and so on.

Similar to the Villalonga and Amit (2006) and Casillas et al. (2007), characterise some aspects that are categorised as a family enterprise, namely ownership or control of the company, the family of power beyond the power company, the intention to carry on business to the next generation and involve the next generation in the company.

Family firms have advantages compared with non-family companies, firstly, family firm can overcome the agency problem between owners and management. Berle and Mean (1932) and Fama and Jensen (1983) supports that the presence of family ownership will overcome agency conflict between owners and management, due to the owner has an interest to oversee management to ensure management actions that do not conflict with the interests of owners. Secondly, family firm concern to keep family name, lead the company to act conservatively. Therefore, family firm will tend to avoid to be overly aggressive that can severely damaged family reputation (Harris et al., 2004). Moreover, the family firm is more emphasis on the sustainability of the family enterprise than simply maximising profitability or increase the market price of the securities (Athanassiou et al., 2002).

On the other hand, a tight family ownership may create agency problems between majority shareholders and minority shareholders (Shleifer and Vishny, 1997). Additionally, Sort et al. (2009) found that the family firm has three dimensions of entrepreneurial orientation lower than non-family firms in terms of autonomy, proactiveness and risk taking. Although Sort et al. (2009) did not succeed in proving that the level of aggressiveness in competing and innovativeness different with non-family companies.

### *2.2 Family ownership in the context of Indonesia*

Indonesia is one of the developing countries in the South East Asia, developing a small scale entrepreneurs and characterised by labour-intensive industry. Government shall provide assistance in the form of training, facilities and subsidies to business groups that uniquely grouped into centres of business based on the similarity of economic sectors and geographical areas (Dana, 2007). Furthermore, Dana (2007) explains that historically, Indonesian style in the old entrepreneur usually has more than one accounting, one for personal, one for the shareholders and another one for taxes. Although the next generation has a more open western education with western management style, but corruption remains ongoing in the future. Corruption is common in business and government.

Currently, according to the study of Jiang and Peng (2011), it has confirmed that Indonesia has been recorded as a country with the lowest position of corruption index among other countries in the East Asia region, i.e., 2.15 and also has a low level of law enforcement, i.e., 3.98. On the other hand, Claessens et al. (2000) uncovered that Indonesia is a country with concentrated ownership, in which 16.6% of the public companies controlled by the family as a sole proprietor. In such condition, therefore, there is a great opportunity for the controlled family to expropriate the minority.

In the Indonesian context, the ownership of the family actually increase the risk of expropriation of the minority shareholders or known as the agency conflict II. It was due to the law environment that remain unconducive. Eventhough by the enactment of Law 40 of 2007, the rights of minority shareholders has indeed been accommodated, but these rights do not directly reflect a legal protection of minority shareholders. It is recognised that a perfect legal protection to minority interests according to the principles of good corporate governance was still hard to apply in Indonesia (Priyatna, 2012).

### *2.3 Family ownership and firm value*

A number of studies have shown that the market appreciates firms with family ownership (Barontino and Caprio, 2005; Villalonga and Amit, 2006; Anderson and Reeb, 2003; Ying and Peng, 2010; Maury, 2006). The results of these studies demonstrated that family ownership structure is positively associated with increased firm value. But Anderson and Reeb (2003) noted that it is occurred, especially in countries that have well-established economic regulation. In countries with a low level of transparency, the presence of family ownership actually cause expropriation risk to minority shareholders. Furthermore, Maury (2006) warns that in countries with a low level of transparency, increased profitability can not be transferred into higher firm value.

Leemon and Lins (2001) revealed that companies' Tobins' Q in Asia where expropriation against minority shareholders exist, has declined an average of more than 12% compared to other companies. Meanwhile Claessens et al. (2000) stated that high expropriation occurred in countries such as Indonesia, the Philippines and Thailand, while in the countries of Malaysia, Singapore and Taiwan, there was evidence of expropriation. As it is known, Malaysia, Singapore and Taiwan have a higher level of investor protection than Indonesia, Philippines and Thailand.

There are two approaches used to explain the possible behaviour chosen by the controlling shareholder (Siregar, 2007) which is a positive incentive effect (PIE) and negative entrenchment effect (NEE). Although both of these approaches are built by assuming the presence of excess control rights, i.e., the difference between control rights and rights to dividends (Jensen and Meckling, 1976; Shleifer and Vishny, 1997), but still relevant to be used to explain the possible behaviour of family ownership as the main holder of control. PIE assumed that controlling shareholder has an incentive and huge capacity to observe management intensively, thereby increasing the company's value and lower the cost of equity. The dominant ownership in certain groups improve efficiency when large blockholder have a greater incentive to effectively monitor managers (Shleifer and Vishny, 1986).

On the other hand, NEE argue that controlling shareholders will take advantage of its large capacity to undertake actions for personal gain at the expense of minority shareholders. Large shareholder can impact negatively on the value of the company, because they misused his position at the expense of minority shareholders (Stiglitz, 1985; Silanes et al., 1999). It refers to a fundamental problem in the agency theory, where there is conflict of interest between outside investors and controlling shareholders who have complete control of the manager (Shleifer and Vishny, 1997).

With due respect to the results of previous studies that proved market appreciates family ownership (Barontino and Caprio, 2005; Villalonga and Amit, 2006; Anderson and Reeb, 2003; Ying and Peng, 2010; Maury, 2006), however this study to prove different side of the existence of family ownership based on the context of Indonesia. This research uses NEE argumentation to build hypothesis. NEE, assumed that companies in which legal control held by family will use their authority to maximise their own interest at the expense of outside investor, in line to Shleifer and Vishny (1997) that ownership by a tight family creates agency problems between majority shareholders and minority shareholders. The acts of majority to maximise their own interest at the expense of minority will be negatively responded by investor, due to higher risk expropriation in such firms. Then, the higher risk profile of family ownership perceived by investor will decrease firm value. Thus the presence of family ownership negatively associated with firm value.

In the context of Indonesia, there are a number of factors that support that family ownership will be perceived negatively by investors, thus lowering the value of the company, firstly, the low level of investor protection in Indonesia (Priyatna, 2012; Jiang and Peng, 2011), in such condition, the likelihood of the majority shareholder to expropriate minority is very large. Second, according to Anderson and Reeb (2003), Maury (2007) and Jiang and Peng (2011), ownership concentration is only effective to the countries that have established rule of law and being counter-productive for un-transparence countries, otherwise decreasing firm value. The results of some of the previous research, Claessens et al. (2000) and Darmadi (2012) supported that Indonesia as a country with high level of expropriation. Therefore, the low law enforcement in Indonesia provides a conducive condition for family ownership to expropriate minority interest. Lemmon and Lins (2000) also uncovered that companies Tobis' Q in Asia, where expropriation to the minority exist, have experienced a decreasing of firm value as of 12% and above, compared wit the other. This will be perceived negatively by investors, thereby reducing the value of the company. Thus the presence of family ownership negatively associated with firm value. Based on the NEE arguments, then the hypothesis of this study is:

$H_1$ Family ownership has a negative impact on firm value.

### *2.4 Control variables*

In many studies, the determinant of firm value other than the ownership structure, is the financial performance, company profiles associated with firm size, market share and firm age (Black et al., 2006, 2013; Baek et al., 2004). Black et al. (2006) employed a number of control variables such as market share, leverage and growth as the important determinant of firm value. Wide market share indicates high potential profitability. However, this study uses the changes in operating profit, as a control variable, not market share, since operating earnings more represent the real performance of companies than market share. Companies whose profits increased from time to time will be more attractive and positively appreciated by investors. Another control variable is the leverage. High leverage represents a high risk enterprise. Companies with high leverage will be negatively associated with firm value.

Growing companies will be more interesting to investors, some previous studies support a positive association between growth and firm value. Contrarily to prior studies that used research and development (R&D) as a proxy of growth (Vilalonga and Amit, 2006; Black et al., 2006, 2013), this study chooses sales as a proxy of growth, because sales better describe the actual growth experienced by the company and not just the potential for growth.

## 3 Research methodology

### *3.1 Model analysis*

This study uses regression analysis to examine proposed hypothesis. Regression model is stated as below:

$$TQ_{it} = \beta_0 + \beta_1 FAMONR_{it} + \beta_2 LOBD_{it} + \beta_3 LEV_{it} + \beta_4 SGROWTH_{it} + \varepsilon_{it} \quad (1)$$

$TQ_{it}$ firm value of company I at period t

$\beta_0 \beta_1 \beta_2 \beta_3 \beta_4$ regression coefficient

$FAMONR_{it}$ family ownership of firm I at period t

$LOBD_{it}$ change of operating income of company I at period t

$LEV_{it}$ debt to equity ratio of company I at period t

$SGROWTH_{it}$ growth of company I at period t

$\varepsilon_{it}$ error term.

### *3.2 Operational variables*

| | *Variables* | *Operational definition* | *Scale* |
|---|---|---|---|
| 1 | Firm value (*TQ*) | Is the value of the business as an ongoing enterprise. Firm value is measured by Tobin's Q, as follow: $\frac{(\text{Total assets} - \text{Book value of equity}) + \text{Market value of equity}}{\text{Book value of total assets}}$ | Ratio |
| 2 | Family ownership (*FAMONR*) | Company in which one or more family members act as a chief executive or are in a board of directors and as the majority shareholder (Vilalonga and Amit, 2006). Majority shareholder limitation percentage is 10%, referring to Siregar (2007), Claessens (2000) and La Porta (1999), that the 10% ownership level has been quite effective in controlling the company. Companies that meet the above criteria where family members act as the director/board of directors and have a share of at least 10%, given the numbers 1 and 0 otherwise. | Nominal |

| | | | |
|---|---|---|---|
| 3 | Changes in operating income (*LBOD*) | Operating income is income from the company's main activity which obtained by subtracting operating income to operating expenses. The formula changes in operating income is as follow: $\frac{\text{Operating profit}_{t-1} + \text{Operating profit}_t}{\text{Operating profit}_{t-1}}$ Then, companies that have positive earnings change, given the numbers 1 and 0 otherwise. | Nominal |
| 4 | Debt to equity ratio (*LEV*) | Proportion of equity that comes from debt. $\frac{\text{Total debt}}{\text{Total equity}}$ | Ratio |
| 5 | Growth (*SGROWTH*) | The potential increased of the company to the next, is measured by the growth of sales: $\frac{\text{Net sales}_{t-1} + \text{Net sales}}{\text{Net sales}_{t-1}}$ | |

### *3.3 Sample*

Data was obtained from annual reports published in the website Indonesia Stock Exchange (IDX) and the respective company websites, for companies whose annual report data is not found on IDX sites, whereas the database shareholder obtained from the OSIRIS. This study uses all large cap companies (big capitalisation) in 2008, 2009, 2010 and 2011 based on Fact Book documents published by the Stock Exchange in the years. The selection of companies with large market capitalisation, referring to Anderson and Reeb (2003), Villalonga and Amit (2006) and Jiang and Peng (2011), which uses large companies in their research, in addition, large firms are also more concern to investors and analysts than small companies (Chen and Jian, 2006). Data qualified as sample are as many as 146 observations, which obtained from the following process:

| | |
|---|---|
| The number of companies entering the big group of capitalisation in 2008 – 2011 | 200 |
| Companies that do not have complete data needed for the study. | (54) |
| The number of qualified samples to be processed | 146 |

The data were processed with the aid of SPSS software version 19.

## 4 Results and discussion

The first classical assumption test on 146 observations, did not meet the four classical assumptions. The test results showed a number of data normality were identified as extreme data (outliers), a total of 37 observations were identified outliers are removed from observation and repeated testing. After dropping all outliers data, the second test against the 105 observations, shows the data meet the assumptions as indicated by multicollinearity VIF of each variable under 10 (Appendix 1). There is no autocorrelation can be seen from the residual value of Durbin Watson for 1.289 is higher than the value of $\alpha$ is set at 0.05 (Appendix 2). The model has also been free of heteroscedasticity, which can be seen from Spearman unstandardised residual values for all variables were above the $\alpha = 0.05$ level (Appendix 3).

However, the data still can not fully meet the assumptions of normality (Appendix 4). One cause of the data does not meet the normal distribution because there are several variables like FAMONR and LBOD as a dummy variable with a value of 0 and 1, so it can not meet the required normality. However, because the number of observations is large enough (> 30), then theoretically meet the normal distribution of data, other than that based on the data plot (box-plot) the data have shown a normal distribution, and the value of $R^2$ and numbers suitability model (F-test) have shown an increase in compared with the values of these parameters on the initial test.

Profile of 105 observations that have met the classical assumption test and descriptive statistics are presented in Table 1. Panel A shows the sample by industry which dominated by a financial sector that is equal to 26% of the entire sample, and followed by the mining sector as much as 25%. Although the proportion is uneven, almost all industry groups are represented except property sector, real estate and building. The number of observations is also fairly distributed between the family and non-family ownership.

Panel B displays a general descriptive statistics for each variable. Regression analysis was performed on 96 valid observations, because some variables are not available in full at 105 corresponding number of observations. The results of descriptive statistic is presented in Table 1, panel B.

The model summary (Table 2), suggesting a correlation (R) are high among all predictor variables (FAMONR, LOBD, LEV, SGROWTH) with the response variable (TQ) of 0.539. Furthermore, the regression model also showed the adjusted $R^2$ is quite high at 25.9% 0.259, it means that the changes of TQ variable can be explained by the four predictor variables together. Goodness regression model to the data can be seen from the F value of 9.296 and significant at $\alpha = 0.01$, respectively.

Testing the main hypothesis of this study (Table 2), shows that FAMONR significantly negative effect on the value of the company, at the 10% significance level. It is proven that firms with family ownership is perceived negatively by the market, this result once again consistent with the results of the research of Jiang and Peng (2011), Lemmon and Lins (2001) and Claessens et al. (2000), which found that Indonesia is one of countries with the high-level expropriation where family ownership is negatively related to performance. The majority shareholder entrenchment cause negative effects, which utilises a large capacity to undertake actions for personal gain at the expense of the minority shareholders. This behaviour is possible since the level of investor protection in Indonesia is still very weak (Priyatna, 2012; Jiang and Peng, 2011).

The dominance of family ownership in large-scale enterprises to be inefficient, as investors are aware of the increased risk of expropriation on these companies which resulted in a decrease in the firm value. The movement of large companies more closely followed by investors than small firms (Chen and Jian, 2006). Therefore investors are more sensitive to any possible risks as a result of actions taken by large-scale enterprises, and quickly anticipate such risks in the valuation of the company. These findings, although still preliminary and still need to be further tested its consistency, successfully wrecked the opinion of Demsetz and Lehn (1985), Himmelberg et al. (1999) and

Demsetz and Villonga (2001), that the ownership structure is not related to performance and merely the results of the current shareholders' decision to maximise profits.

Control variables prove to affect the value of the company, namely the LBOD and LEV. High operating profit performance is perceived positively by investors, significant at $\alpha = 0.01$. The companies with good earnings performance show positively associated with firm value. In contrast, firms with high leverage indicates a high risk and perceived negatively by investors resulting in a decline in the value of the company, supported by the results of the test that the coefficient is significant at $\alpha$ = LEV 0.001. Meanwhile, growth which proxied by sales, proved not significantly affect the value of the company.

**Table 1** Sample profile

| *Panel A. Industrial sectors and ownership structure* | | |
|---|---|---|
| Industrial sector | | |
| Agriculture | 11 | 10% |
| Mining | 25 | 24% |
| Basic Industries | 13 | 12% |
| Others | 3 | 3% |
| Consumer goods | 9 | 9% |
| Infrastructure, utilities and transportation | 12 | 11% |
| Finance | 26 | 25% |
| Investment | 6 | 6% |
| | 105 | 100% |
| Ownership structure | | |
| Family | 50 | 48% |
| Non-family | 55 | 52% |
| | 105 | 100% |

*Panel B. Descriptive statistic*

| | *N* | *Minimum* | *Maximum* | *Mean* | *Std. deviation* |
|---|---|---|---|---|---|
| TQ | 104 | 0.49 | 7.82 | 2.1463 | 1.4223 |
| FAMONR | 105 | 0 | 1 | 0.48 | 0.502 |
| LBOD | 101 | 0 | 1 | 0.69 | 0.464 |
| LEV | 105 | 0.22 | 12.05 | 2.9558 | 3.3471 |
| SGROWTH | 97 | –0.21 | 1.03 | 0.2164 | 0.2341 |
| Valid N (listwise) | 96 | | | | |

Notes: TQ = (total asset-book value of equity) + market value of equity scaled by book value of assets; FAMONR = dummy variable of family ownership structure, 1 = if family's member is assigned as a Chairman/CEO and has at least 10% of family ownership, 0 otherwise; LBOD = dummy variable of change in operating income, 1 if positive change and 0 otherwise; LEV = total debt to total equity; SGROWTH = changes in net sales.

**Table 2** Estimation model

*Regression model estimation*

$$TQ_{it} = \beta_0 + \beta_1 FAMONR_{it} + \beta_2 LOBD_{it} + \beta_3 LEV_{it} + \beta_4 SGROWTH_{it} + \varepsilon_{it}$$

| *Variable* | *Predicted sign ( + /–)* | *Coefficient* | *t-statistic* | *Sig* |
|---|---|---|---|---|
| (Constant) | | 2.476 | 9.090 | .000 |
| FAMONR | – | –.465 | –1.741 | .085* |
| LBOD | + | 1.041 | 3.425 | .001*** |
| LEV | – | –.209 | –4.738 | .000*** |
| SGROWTH | + | –.986 | –1.571 | .120 |
| R | | .539 | | |
| Adjusted $R^2$ | | .259 | | |
| F-stat | | 9.296*** | | |

Notes: ***, *Each significant, at the level 0.01 and 0.1,
TQ = (total asset – book value of equity) + market value of equity scaled by book value of assets; FAMONR = dummy variable of family ownership structure, 1 = if family's member is assigned as a Chairman/CEO and has at least 10% of family ownership, 0 otherwise; LBOD = dummy variable of change in operating income, 1 if positive change and 0 otherwise; LEV = total debt to total equity; SGROWTH = changes in net sales.

## 5 Conclusions, implication and limitation

This study aims to determine the impact of family ownership on firm value in the context of Indonesia, where the level of investor protection is weak and corrupt, and to confirm the results of research of Jiang and Peng (2011), in particular the results of research that in Indonesia, the presence of family ownership negatively affect performance. A number of control variables are used to examine the determinants of the firm value in addition to the family ownership structure. Control variables used in this study is the change in operating income, which represents the risk and leverage growth proxied by changes in sales.

Research shows that family ownership structure negatively affect the firm value, at a significance level of 10%, consistent with Jiang and Peng (2011), Lemmon and Lins (2001) and Claessens et al. (2000), which found that Indonesia was a country with a high level of expropriation where family ownership was negatively related to performance. The majority shareholder entrenchment cause negative effects, which utilises a large capacity to undertake actions for personal gain at the expense of minority shareholders. In addition it is evident that the change in operating profit significantly positive effect on firm value, whereas negatively affect leverage on firm value, respectively at a significance level 1%. While the growth of the company which is proxied by changes in sales, not shown to affect the value of the company.

However, this study does not exercise control over the level of investor protection as done by Gompers et al. (2003), which uses antitakeover index (GIndex) which is based on entrenchment index (EIndex) by Bebchuk et al. (2009). This study only assume the level of protection against expropriation of investors or existing investors based on the results of previous studies. Future research should incorporate control variables investor protection index, in order to obtain more accurate results. Besides, future research could compare with companies that do not include a large company, to gain a broader generalisation of the results of the study. Measurement of family ownership structure can be traced by using the ultimate ownership as done by Siregar (2007), not only by ownership imediat as done in this study.

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## Appendix 1

### *Multicollinearity test*

| *Coefficients*[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *Model* | | *Unstandardised coefficients* | | *Standardise coefficients* | *t* | *Sig.* | *Collinearity statistics* | |
| | | *B* | *Std. error* | *Beta* | | | *Tolerance* | *VIF* |
| 1 | (Constant) | 2.476 | .272 | | 9.090 | .000 | | |
| | FAMONR | –.465 | .267 | –.158 | –1.741 | .085 | .944 | 1.059 |
| | LBOD | 1.041 | .304 | .332 | 3.425 | .001 | .831 | 1.203 |
| | LEV | –.209 | .044 | –.419 | –4.738 | .000 | .997 | 1.003 |
| | SGROWTH | –.986 | .627 | –.154 | –1.571 | .120 | .816 | 1.225 |

Note: [a]Dependent variable: TQ

## Appendix 2

*Autocorrelation test*

| | *R* | *R square* | *Adjusted R square* | *Std. error of the estimate* | *Durbin-Watson* |
|---|---|---|---|---|---|
| 1 | .539[a] | .290 | .259 | 1.26929 | 1.289 |

Notes: [a]Predictors: (Constant), SGROWTH, LEV, FAMONR, LBOD
[b]Dependent variable: TQ

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## Appendix 3

*Heteroschedasticity test*

| | | | *FAMONR* | *LBOD* | *LEV* | *SGROWTH* | *Unstandardised residual* |
|---|---|---|---|---|---|---|---|
| Spearman's rho | FAMONR | Correlation coefficient | 1.000 | .187 | .099 | .169 | –.004 |
| | | Sig. (2-tailed) | . | .062 | .316 | .098 | .971 |
| | | N | 105 | 101 | 105 | 97 | 96 |
| | LBOD | Correlation coefficient | .187 | 1.000 | –.071 | .435** | .013 |
| | | Sig. (2-tailed) | .062 | . | .482 | .000 | .898 |
| | | N | 101 | 101 | 101 | 97 | 96 |
| | LEV | Correlation coefficient | .099 | –.071 | 1.000 | .153 | –.007 |
| | | Sig. (2-tailed) | .316 | .482 | . | .136 | .947 |
| | | N | 105 | 101 | 105 | 97 | 96 |
| | SGROWTH | Correlation coefficient | .169 | .435** | .153 | 1.000 | .069 |
| | | Sig. (2-tailed) | .098 | .000 | .136 | . | .505 |
| | | N | 97 | 97 | 97 | 97 | 96 |
| | Unstandardised residual | Correlation coefficient | –.004 | .013 | –.007 | .069 | 1.000 |
| | | Sig. (2-tailed) | .971 | .898 | .947 | .505 | . |
| | | N | 96 | 96 | 96 | 96 | 96 |

Note: **Correlation is significant at the 0.01 level (2-tailed).

## Appendix 4

*Normality test*

| *One-Sample Kolmogorov-Smirnov test* | | | | | | |
|---|---|---|---|---|---|---|
| | | *FAMONR* | *LBOD* | *LEV* | *SGROWTH* | *Standardised residual* |
| N | | 105 | 101 | 105 | 97 | 96 |
| Norma parameters[a,b] | Mean | .48 | .69 | 2.9858 | .2164 | .0000000 |
| | Std. deviation | .502 | .464 | 3.34707 | .23407 | .97872097 |
| Most extreme differences | Absolute | .352 | .439 | .279 | .133 | .150 |
| | Positive | .352 | .254 | .279 | .133 | .150 |
| | Negative | –.328 | –.439 | –.204 | –.053 | –.090 |
| Kolmogorov-Smirnov Z | | 3.612 | 4.413 | 2.863 | 1.305 | 1.471 |
| Asymp. sig. (2-tailed) | | .000 | .000 | .000 | .066 | .026 |

Notes: [a]Test distribution is normal.
[b]Calculated from data.

# The negative impact of family ownership structure on firm value in the context of Indonesia

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**Abstract:** A number of studies concluded that family ownership structure increased firm's performance and also firm value. However, the benefit of family ownership will elapse when the opportunity to expropriate minority exists (Jiang and Peng, 2011). According to Claessen et al. (2000), higher entrenchment occurred in Indonesia, together with Philippines and Thailand. As of 16.6% of Indonesia's public companies was controlled by family as a single majority shareholder, on the other hand, the low law enforcement and the lowest corruption index are another fact in Indonesia. In such a condition it is expected that family ownership has a negative impact on firm value. Using big capitalisation public companies listed in Indonesia Stock Exchange (IDX) as a research sample, this study supports the hypothesis that there is a negative impact of family ownership on firm value, at the significance level of 10%.

**Keywords:** family ownership structure; firm value; expropriation; Indonesia.

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## 1 Introduction

Family ownership structure has become as one of the interested topics to be studied, particularly its effects on firm value. Villalonga and Amit (2006), Maury (2006), Jiang and Peng (2011), Barontini and Caprio (2006), Anderson and Reeb (2003) and Claessen et al. (2000) are some of the researcher that actively studied this topic. Villalonga and Amit (2006) examined whether family ownership, control and management, influence firm value. By using the company's data-Fortune-500 companies, during the years 1994 to 2000, Villalonga and Amit (2006) found that family ownership creates added value if the founder acts as the CEO or the Chairman of the Board of Commissioners with CEOs recruited from outside.

Maury (2006) conducted a study to examine how the performance of a company controlled by the family (family-control) compared with companies that are not controlled by the family in 1,672 non-financial companies in the region of Western Europe. The study objective was to confirm the existence of control by the family, whether the performance of the family control better than non-family control, given the diversity of the various results of previous studies. The results showed that family-controlled companies is positively associated with higher performance than companies that are not controlled by the family.

Jiang and Peng (2011) observed whether the family ownership and control play an important role in major companies in Asia, since there is still a puzzle regarding the association between the family ownership concentration and control on the one hand and performance on the other, whether good, bad or not related. The study was conducted on 744 large public companies in eight Asian countries. The study was designed in two studies, study I and study II. The study II is study I added with a variable level of investor protection. The results of the study I showed that the existence of the family as the CEO is positively related to performance, supported by two countries, i.e., Indonesian and Taiwan. The study II exhibited that the presence of the family as the CEO is positively associated with performance in the countries with low level of investor protection. Further, the existence of pyramid ownership on the contrary, was positively related to performance in countries with high levels of investor protection as supported by Hong Kong, Malaysia and Singapore, except Indonesia and South Korea.

This result enhanced the previous research and provided better explanation on the diversity of the research related to whether family ownership contributes benefits to the performance of the company. This study successfully demonstrated that the supremacy of law in each country as shown by the level of investor protection is the useful factor to distinguish the presence or absence of a family control to the company's performance. It also entailed that the state is not always neutral in the relationship between family ownership and performance.

Barontini and Lorenzo (2006) searched 675 companies in eleven countries of Continental Europe. The purpose of the study was to investigate the association of ownership structure, firm value and performance. The study indicated that family ownership structures did not decrease firm value and performance. The existence of company's founder control and the presence of descendant in the board of director were significantly affect firm value and performance. However, if the descendant as CEO, the company's value and performance were not different from non-family corporate ownership. The results are in line with the findings of several previous studies that family ownership is positively related to the performance and firm value. However, care should be taken in interpreting these results due to several factors that have not been anticipated in the test, such as the level of investor protection as conducted by Jiang and Peng (2011).

Anderson and Reeb (2003) examined the relationship between the family as the founding family, ownership and corporate performance in the 403 companies included in the S&P 500, for period 1992 to 1999. The results denoted that the performance of firms with founding family firm is much better than with non-founding family firm. Based on further analysis, it was found that the relationship between the founding family firm performance is nonlinear, family CEO has better performance as compared to non-family CEO. Overall these results reject the agency hypothesis, in other words, family ownership is an effective ownership structure.

On the other hand, Demsetz (1983) argues differently, that concentration of ownership is the result of a decision to maximise the profit made by the shareholders at this time, therefore there is no effect on firm value. Some research supports Demsetz and Lehn (1985), Himmelberg et al. (1999) and Demsetz and Villonga (2001). Claessens et al. (2000), specifically stated that Indonesia is a country with concentrated ownership, 16.6% of the total listed companies as a public company controlled by the family as a sole proprietor. Meanwhile, Jiang and Peng (2011) said that the level of rule of law in Indonesia is relatively low at 3.98 and has the lowest corruption index among the countries in the East Asia region, i.e., 2.15, implied that the level of investor protection is very weak. In such condition, the family ownership has a big opportunities to expropriate minority shareholders.

It is therefore interesting to study further in the context of Indonesia, where the level of investor protection is weak and corrupt, to prove allegations that family ownership does not have a positive impact on firm value due to agency conflicts between owners actually exist, the latter, this study once wanted to confirm the results research (Jiang and Peng, 2011), that in Indonesia, the presence of family ownership negatively affect performance.

## 2 Theoretical review and hypotheses development

### *2.1 Family ownership*

The definition of family firm or family ownership is very broad, and is different from research to research. Neubauer and Lank (1998) tried to construct the development concept of family firm from 1975 to 1988, to identify aspects that exist in the family firm, which are controlled by the family, founded by the owners expected later replaced by its successor, the family members will share in the company profit, important decisions and succession planning are influenced by family members and relatives have legal control over the company (Casillas et al., 2007). While Villalonga and Amit (2006) stated that family firm as a company extensively owned by family, including

1. one or more family members are as a company's director or board of directors or a majority shareholder
2. a company that at least one of its members on the board of commissioners or management

3 the company's largest voting rights or number of shares owned by the largest families

4 the company's second generation of one or more family members are as management or directors, and so on.

Similar to the Villalonga and Amit (2006) and Casillas et al. (2007), characterise some aspects that are categorised as a family enterprise, namely ownership or control of the company, the family of power beyond the power company, the intention to carry on business to the next generation and involve the next generation in the company.

Family firms have advantages compared with non-family companies, firstly, family firm can overcome the agency problem between owners and management. Berle and Mean (1932) and Fama and Jensen (1983) supports that the presence of family ownership will overcome agency conflict between owners and management, due to the owner has an interest to oversee management to ensure management actions that do not conflict with the interests of owners. Secondly, family firm concern to keep family name, lead the company to act conservatively. Therefore, family firm will tend to avoid to be overly aggressive that can severely damaged family reputation (Harris et al., 2004). Moreover, the family firm is more emphasis on the sustainability of the family enterprise than simply maximising profitability or increase the market price of the securities (Athanassiou et al., 2002).

On the other hand, a tight family ownership may create agency problems between majority shareholders and minority shareholders (Shleifer and Vishny, 1997). Additionally, Sort et al. (2009) found that the family firm has three dimensions of entrepreneurial orientation lower than non-family firms in terms of autonomy, proactiveness and risk taking. Although Sort et al. (2009) did not succeed in proving that the level of aggressiveness in competing and innovativeness different with non-family companies.

### *2.2 Family ownership in the context of Indonesia*

Indonesia is one of the developing countries in the South East Asia, developing a small scale entrepreneurs and characterised by labour-intensive industry. Government shall provide assistance in the form of training, facilities and subsidies to business groups that uniquely grouped into centres of business based on the similarity of economic sectors and geographical areas (Dana, 2007). Furthermore, Dana (2007) explains that historically, Indonesian style in the old entrepreneur usually has more than one accounting, one for personal, one for the shareholders and another one for taxes. Although the next generation has a more open western education with western management style, but corruption remains ongoing in the future. Corruption is common in business and government.

Currently, according to the study of Jiang and Peng (2011), it has confirmed that Indonesia has been recorded as a country with the lowest position of corruption index among other countries in the East Asia region, i.e., 2.15 and also has a low level of law enforcement, i.e., 3.98. On the other hand, Claessens et al. (2000) uncovered that Indonesia is a country with concentrated ownership, in which 16.6% of the public companies controlled by the family as a sole proprietor. In such condition, therefore, there is a great opportunity for the controlled family to expropriate the minority.

In the Indonesian context, the ownership of the family actually increase the risk of expropriation of the minority shareholders or known as the agency conflict II. It was due to the law environment that remain unconducive. Eventhough by the enactment of Law 40 of 2007, the rights of minority shareholders has indeed been accommodated, but these rights do not directly reflect a legal protection of minority shareholders. It is recognised that a perfect legal protection to minority interests according to the principles of good corporate governance was still hard to apply in Indonesia (Priyatna, 2012).

### *2.3 Family ownership and firm value*

A number of studies have shown that the market appreciates firms with family ownership (Barontino and Caprio, 2005; Villalonga and Amit, 2006; Anderson and Reeb, 2003; Ying and Peng, 2010; Maury, 2006). The results of these studies demonstrated that family ownership structure is positively associated with increased firm value. But Anderson and Reeb (2003) noted that it is occurred, especially in countries that have well-established economic regulation. In countries with a low level of transparency, the presence of family ownership actually cause expropriation risk to minority shareholders. Furthermore, Maury (2006) warns that in countries with a low level of transparency, increased profitability can not be transferred into higher firm value.

Leemon and Lins (2001) revealed that companies' Tobins' Q in Asia where expropriation against minority shareholders exist, has declined an average of more than 12% compared to other companies. Meanwhile Claessens et al. (2000) stated that high expropriation occurred in countries such as Indonesia, the Philippines and Thailand, while in the countries of Malaysia, Singapore and Taiwan, there was evidence of expropriation. As it is known, Malaysia, Singapore and Taiwan have a higher level of investor protection than Indonesia, Philippines and Thailand.

There are two approaches used to explain the possible behaviour chosen by the controlling shareholder (Siregar, 2007) which is a positive incentive effect (PIE) and negative entrenchment effect (NEE). Although both of these approaches are built by assuming the presence of excess control rights, i.e., the difference between control rights and rights to dividends (Jensen and Meckling, 1979; Shleifer and Vishny, 1997), but still relevant to be used to explain the possible behaviour of family ownership as the main holder of control. PIE assumed that controlling shareholder has an incentive and huge capacity to observe management intensively, thereby increasing the company's value and lower the cost of equity. The dominant ownership in certain groups improve efficiency when large blockholder have a greater incentive to effectively monitor managers (Shleifer and Vishny, 1986).

On the other hand, NEE argue that controlling shareholders will take advantage of its large capacity to undertake actions for personal gain at the expense of minority shareholders. Large shareholder can impact negatively on the value of the company, because they misused his position at the expense of minority shareholders (Stiglitz, 1985; Silanes et al., 1999). It refers to a fundamental problem in the agency theory, where there is conflict of interest between outside investors and controlling shareholders who have complete control of the manager (Shleifer and Vishny, 1997).

With due respect to the results of previous studies that proved market appreciates family ownership (Barontino and Caprio, 2005; Villalonga and Amit, 2006; Anderson and Reeb, 2003; Ying and Peng, 2010; Maury, 2006), however this study to prove different side of the existence of family ownership based on the context of Indonesia. This research uses NEE argumentation to build hypothesis. NEE, assumed that companies in which legal control held by family will use their authority to maximise their own interest at the expense of outside investor, in line to Shleifer and Vishny (1997) that ownership by a tight family creates agency problems between majority shareholders and minority shareholders. The acts of majority to maximise their own interest at the expense of minority will be negatively responded by investor, due to higher risk expropriation in such firms. Then, the higher risk profile of family ownership perceived by investor will decrease firm value. Thus the presence of family ownership negatively associated with firm value.

In the context of Indonesia, there are a number of factors that support that family ownership will be perceived negatively by investors, thus lowering the value of the company, firstly, the low level of investor protection in Indonesia (Priyatna, 2012; Jiang and Peng, 2011), in such condition, the likelihood of the majority shareholder to expropriate minority is very large. Second, according to Anderson and Reeb (2003), Maury (2007) and Jiang and Peng (2011), ownership concentration is only effective to the countries that have established rule of law and being counter-productive for un-transparence countries, otherwise decreasing firm value. The results of some of the previous research, Claessens et al. (2000) and Darmadi (2012) supported that Indonesia as a country with high level of expropriation. Therefore, the low law enforcement in Indonesia provides a conducive condition for family ownership to expropriate minority interest. Lemmon and Lins (2000) also uncovered that companies Tobis' Q in Asia, where expropriation to the minority exist, have experienced a decreasing of firm value as of 12% and above, compared wit the other. This will be perceived negatively by investors, thereby reducing the value of the company. Thus the presence of family ownership negatively associated with firm value. Based on the NEE arguments, then the hypothesis of this study is:

$H_1$ Family ownership has a negative impact on firm value.

### *2.4 Control variables*

In many studies, the determinant of firm value other than the ownership structure, is the financial performance, company profiles associated with firm size, market share and firm age (Black et al., 2006, 2013; Baek et al., 2004). Black et al. (2006) employed a number of control variables such as market share, leverage and growth as the important determinant of firm value. Wide market share indicates high potential profitability. However, this study uses the changes in operating profit, as a control variable, not market share, since operating earnings more represent the real performance of companies than market share. Companies whose profits increased from time to time will be more attractive and positively appreciated by investors. Another control variable is the leverage. High leverage represents a high risk enterprise. Companies with high leverage will be negatively associated with firm value.

Growing companies will be more interesting to investors, some previous studies support a positive association between growth and firm value. Contrarily to prior studies that used research and development (R&D) as a proxy of growth (Vilalonga and Amit, 2006; Black et al., 2006, 2013), this study chooses sales as a proxy of growth, because sales better describe the actual growth experienced by the company and not just the potential for growth.

## 3 Research methodology

### *3.1 Model analysis*

This study uses regression analysis to examine proposed hypothesis. Regression model is stated as below:

$$TQ_{it} = \beta_0 + \beta_1 FAMONR_{it} + \beta_2 LOBD_{it} + \beta_3 LEV_{it} + \beta_4 SGROWTH_{it} + \varepsilon_{it} \qquad (1)$$

| | |
|---|---|
| $TQ_{it}$ | firm value of company I at period t |
| $\beta_0 \beta_1 \beta_2 \beta_3 \beta_4$ | regression coefficient |
| $FAMONR_{it}$ | family ownership of firm I at period t |
| $LOBD_{it}$ | change of operating income of company I at period t |
| $LEV_{it}$ | debt to equity ratio of company I at period t |
| $SGROWTH_{it}$ | growth of company I at period t |
| $\varepsilon_{it}$ | error term. |

### *3.2 Operational variables*

| *Variables* | | *Operational definition* | *Scale* |
|---|---|---|---|
| 1 | Firm value (*TQ*) | Is the value of the business as an ongoing enterprise. Firm value is measured by Tobin's Q, as follow: $$\frac{(\text{Total assets} - \text{Book value of equity}) + \text{Market value of equity}}{\text{Book value of total assets}}$$ | Ratio |
| 2 | Family ownership (*FAMONR*) | Company in which one or more family members act as a chief executive or are in a board of directors and as the majority shareholder (Vilalonga and Amit, 2006). Majority shareholder limitation percentage is 10%, referring to Siregar (2007), Claessens (2000) and La Porta (1999), that the 10% ownership level has been quite effective in controlling the company. Companies that meet the above criteria where family members act as the director/board of directors and have a share of at least 10%, given the numbers 1 and 0 otherwise. | Nominal |
| 3 | Changes in operating income (*LBOD*) | Operating income is income from the company's main activity which obtained by subtracting operating income to operating expenses. The formula changes in operating income is as follow: $$\frac{\text{Operating profit}_{t-1} + \text{Operating profit}_t}{\text{Operating profit}_{t-1}}$$ Then, companies that have positive earnings change, given the numbers 1 and 0 otherwise. | Nominal |

| *Variables* | *Operational definition* | *Scale* |
|---|---|---|
| 4 Debt to equity ratio (*LEV*) | Proportion of equity that comes from debt. $\frac{\text{Total debt}}{\text{Total equity}}$ | Ratio |
| 5 Growth (*SGROWTH*) | The potential increased of the company to the next, is measured by the growth of sales: $\frac{\text{Net sales}_{t-1} + \text{Net sales}}{\text{Net sales}_{t-1}}$ | |

### 3.3 Sample

Data was obtained from annual reports published in the website Indonesia Stock Exchange (IDX) and the respective company websites, for companies whose annual report data is not found on IDX sites, whereas the database shareholder obtained from the OSIRIS. This study uses all large cap companies (big capitalisation) in 2008, 2009, 2010 and 2011 based on Fact Book documents published by the Stock Exchange in the years. The selection of companies with large market capitalisation, referring to Anderson and Reeb (2003), Villalonga and Amit (2006) and Jiang and Peng (2011), which uses large companies in their research, in addition, large firms are also more concern to investors and analysts than small companies (Chen and Jian, 2006). Data qualified as sample are as many as 146 observations, which obtained from the following process:

| | |
|---|---|
| The number of companies entering the big group of capitalisation in 2008 – 2011 | 200 |
| Companies that do not have complete data needed for the study. | (54) |
| The number of qualified samples to be processed | 146 |

The data were processed with the aid of SPSS software version 19.

## 4 Results and discussion

The first classical assumption test on 146 observations, did not meet the four classical assumptions. The test results showed a number of data normality were identified as extreme data (outliers), a total of 37 observations were identified outliers are removed from observation and repeated testing. After dropping all outliers data, the second test against the 105 observations, shows the data meet the assumptions as indicated by multicollinearity VIF of each variable under 10 (Appendix 1). There is no autocorrelation can be seen from the residual value of Durbin Watson for 1.289 is higher than the value of $\alpha$ is set at 0.05 (Appendix 2). The model has also been free of heteroscedasticity, which can be seen from Spearman unstandardised residual values for all variables were above the $\alpha = 0.05$ level (Appendix 3).

However, the data still can not fully meet the assumptions of normality (Appendix 4). One cause of the data does not meet the normal distribution because there are several variables like FAMONR and LBOD as a dummy variable with a value of 0 and 1, so it can not meet the required normality. However, because the number of observations is large enough (> 30), then theoretically meet the normal distribution of data, other than that based on the data plot (box-plot) the data have shown a normal distribution, and the value of $R^2$ and numbers suitability model (F-test) have shown an increase in compared with the values of these parameters on the initial test.

Profile of 105 observations that have met the classical assumption test and descriptive statistics are presented in Table 1. Panel A shows the sample by industry which dominated by a financial sector that is equal to 26% of the entire sample, and followed by the mining sector as much as 25%. Although the proportion is uneven, almost all industry groups are represented except property sector, real estate and building. The number of observations is also fairly distributed between the family and non-family ownership.

Panel B displays a general descriptive statistics for each variable. Regression analysis was performed on 96 valid observations, because some variables are not available in full at 105 corresponding number of observations. The results of descriptive statistic is presented in Table 1, panel B.

The model summary (Table 2), suggesting a correlation (R) are high among all predictor variables (FAMONR, LOBD, LEV, SGROWTH) with the response variable (TQ) of 0.539. Furthermore, the regression model also showed the adjusted $R^2$ is quite high at 25.9% 0.259, it means that the changes of TQ variable can be explained by the four predictor variables together. Goodness regression model to the data can be seen from the F value of 9.296 and significant at $\alpha = 0.01$, respectively.

Testing the main hypothesis of this study (Table 2), shows that FAMONR significantly negative effect on the value of the company, at the 10% significance level. It is proven that firms with family ownership is perceived negatively by the market, this result once again consistent with the results of the research of Jiang and Peng (2011), Lemmon and Lins (2001) and Claessens et al. (2000), which found that Indonesia is one of countries with the high-level expropriation where family ownership is negatively related to performance. The majority shareholder entrenchment cause negative effects, which utilises a large capacity to undertake actions for personal gain at the expense of the minority shareholders. This behaviour is possible since the level of investor protection in Indonesia is still very weak (Priyatna, 2012; Jiang and Peng, 2011).

The dominance of family ownership in large-scale enterprises to be inefficient, as investors are aware of the increased risk of expropriation on these companies which resulted in a decrease in the firm value. The movement of large companies more closely followed by investors than small firms (Chen and Jian, 2006). Therefore investors are more sensitive to any possible risks as a result of actions taken by large-scale enterprises, and quickly anticipate such risks in the valuation of the company. These findings, although still preliminary and still need to be further tested its consistency, successfully wrecked the opinion of Demsetz and Lehn (1985), Himmelberg et al. (1999) and Demsetz and Villonga (2001), that the ownership structure is not related to performance and merely the results of the current shareholders' decision to maximise profits.

Control variables prove to affect the value of the company, namely the LBOD and LEV. High operating profit performance is perceived positively by investors, significant at $\alpha = 0.01$. The companies with good earnings performance show positively associated with firm value. In contrast, firms with high leverage indicates a high risk and perceived negatively by investors resulting in a decline in the value of the company, supported by the results of the test that the coefficient is significant at $\alpha$ = LEV 0.001. Meanwhile, growth which proxied by sales, proved not significantly affect the value of the company.

**Table 1** Sample profile

| *Panel A. Industrial sectors and ownership structure* | | |
|---|---|---|
| Industrial sector | | |
| Agriculture | 11 | 10% |
| Mining | 25 | 24% |
| Basic Industries | 13 | 12% |
| Others | 3 | 3% |
| Consumer goods | 9 | 9% |
| Infrastructure, utilities and transportation | 12 | 11% |
| Finance | 26 | 25% |
| Investment | 6 | 6% |
| | 105 | 100% |
| Ownership structure | | |
| Family | 50 | 48% |
| Non-family | 55 | 52% |
| | 105 | 100% |

*Panel B. Descriptive statistic*

| | *N* | *Minimum* | *Maximum* | *Mean* | *Std. deviation* |
|---|---|---|---|---|---|
| TQ | 104 | 0.49 | 7.82 | 2.1463 | 1.4223 |
| FAMONR | 105 | 0 | 1 | 0.48 | 0.502 |
| LBOD | 101 | 0 | 1 | 0.69 | 0.464 |
| LEV | 105 | 0.22 | 12.05 | 2.9558 | 3.3471 |
| SGROWTH | 97 | –0.21 | 1.03 | 0.2164 | 0.2341 |
| Valid N (listwise) | 96 | | | | |

Notes: TQ = (total asset-book value of equity) + market value of equity scaled by book value of assets; FAMONR = dummy variable of family ownership structure, 1 = if family's member is assigned as a Chairman/CEO and has at least 10% of family ownership, 0 otherwise; LBOD = dummy variable of change in operating income, 1 if positive change and 0 otherwise; LEV = total debt to total equity; SGROWTH = changes in net sales.

**Table 2** Estimation model

| *Regression model estimation* | | | | |
|---|---|---|---|---|
| $TQ_{it} = \beta_0 + \beta_1 FAMONR_{it} + \beta_2 LOBD_{it} + \beta_3 LEV_{it} + \beta_4 SGROWTH_{it} + \varepsilon_{it}$ | | | | |
| *Variable* | *Predicted sign ( + /–)* | *Coefficient* | *t-statistic* | *Sig* |
| (Constant) | | 2.476 | 9.090 | .000 |
| FAMONR | – | –.465 | –1.741 | .085* |
| LBOD | + | 1.041 | 3.425 | .001*** |
| LEV | – | –.209 | –4.738 | .000*** |
| SGROWTH | + | –.986 | –1.571 | .120 |
| R | | .539 | | |
| Adjusted $R^2$ | | .259 | | |
| F-stat | | 9.296*** | | |

Notes: ***, *Each significant, at the level 0.01 and 0.1,
TQ = (total asset – book value of equity) + market value of equity scaled by book value of assets; FAMONR = dummy variable of family ownership structure, 1 = if family's member is assigned as a Chairman/CEO and has at least 10% of family ownership, 0 otherwise; LBOD = dummy variable of change in operating income, 1 if positive change and 0 otherwise; LEV = total debt to total equity; SGROWTH = changes in net sales.

## 5 Conclusions, implication and limitation

This study aims to determine the impact of family ownership on firm value in the context of Indonesia, where the level of investor protection is weak and corrupt, and to confirm the results of research of Jiang and Peng (2011), in particular the results of research that in Indonesia, the presence of family ownership negatively affect performance. A number of control variables are used to examine the determinants of the firm value in addition to the family ownership structure. Control variables used in this study is the change in operating income, which represents the risk and leverage growth proxied by changes in sales.

Research shows that family ownership structure negatively affect the firm value, at a significance level of 10%, consistent with Jiang and Peng (2011), Lemmon and Lins (2001) and Claessens et al. (2000), which found that Indonesia was a country with a high level of expropriation where family ownership was negatively related to performance. The majority shareholder entrenchment cause negative effects, which utilises a large capacity to undertake actions for personal gain at the expense of minority shareholders. In addition it is evident that the change in operating profit significantly positive effect on firm value, whereas negatively affect leverage on firm value, respectively at a significance level 1%. While the growth of the company which is proxied by changes in sales, not shown to affect the value of the company.

However, this study does not exercise control over the level of investor protection as done by Gompers et al. (2003), which uses antitakeover index (GIndex) which is based on entrenchment index (EIndex) by Bebchuk et al. (2009). This study only assume the level of protection against expropriation of investors or existing investors based on the results of previous studies. Future research should incorporate control variables investor protection index, in order to obtain more accurate results. Besides, future research could compare with companies that do not include a large company, to gain a broader generalisation of the results of the study. Measurement of family ownership structure can be traced by using the ultimate ownership as done by Siregar (2007), not only by ownership immediate as done in this study.

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## Appendix 1

*Multicollinearity test*

*Coefficients*[a]

| *Model* | | *Unstandardised coefficients* | | *Standardise coefficients* | *t* | *Sig.* | *Collinearity statistics* | |
|---|---|---|---|---|---|---|---|---|
| | | *B* | *Std. error* | *Beta* | | | *Tolerance* | *VIF* |
| 1 | (Constant) | 2.476 | .272 | | 9.090 | .000 | | |
| | FAMONR | –.465 | .267 | –.158 | –1.741 | .085 | .944 | 1.059 |
| | LBOD | 1.041 | .304 | .332 | 3.425 | .001 | .831 | 1.203 |
| | LEV | –.209 | .044 | –.419 | –4.738 | .000 | .997 | 1.003 |
| | SGROWTH | –.986 | .627 | –.154 | –1.571 | .120 | .816 | 1.225 |

Note: [a]Dependent variable: TQ

## Appendix 2

*Autocorrelation test*

| | *R* | *R square* | *Adjusted R square* | *Std. error of the estimate* | *Durbin-Watson* |
|---|---|---|---|---|---|
| 1 | .539[a] | .290 | .259 | 1.26929 | 1.289 |

Notes: [a]Predictors: (Constant), SGROWTH, LEV, FAMONR, LBOD

## Appendix 3

*Heteroschedasticity test*

| | | | *FAMONR* | *LBOD* | *LEV* | *SGROWTH* | *Unstandardised residual* |
|---|---|---|---|---|---|---|---|
| Spearman's rho | FAMONR | Correlation coefficient | 1.000 | .187 | .099 | .169 | –.004 |
| | | Sig. (2-tailed) | . | .062 | .316 | .098 | .971 |
| | | N | 105 | 101 | 105 | 97 | 96 |
| | LBOD | Correlation coefficient | .187 | 1.000 | –.071 | .435** | .013 |
| | | Sig. (2-tailed) | .062 | . | .482 | .000 | .898 |
| | | N | 101 | 101 | 101 | 97 | 96 |
| | LEV | Correlation coefficient | .099 | –.071 | 1.000 | .153 | –.007 |
| | | Sig. (2-tailed) | .316 | .482 | . | .136 | .947 |
| | | N | 105 | 101 | 105 | 97 | 96 |
| | SGROWTH | Correlation coefficient | .169 | .435** | .153 | 1.000 | .069 |
| | | Sig. (2-tailed) | .098 | .000 | .136 | . | .505 |
| | | N | 97 | 97 | 97 | 97 | 96 |
| | Unstandardised residual | Correlation coefficient | –.004 | .013 | –.007 | .069 | 1.000 |
| | | Sig. (2-tailed) | .971 | .898 | .947 | .505 | . |
| | | N | 96 | 96 | 96 | 96 | 96 |

Note: **Correlation is significant at the 0.01 level (2-tailed).

## Appendix 4

*Normality test*

| *One-Sample Kolmogorov-Smirnov test* | | | | | | |
|---|---|---|---|---|---|---|
| | | *FAMONR* | *LBOD* | *LEV* | *SGROWTH* | *Standardised residual* |
| N | | 105 | 101 | 105 | 97 | 96 |
| Norma parameters[a,b] | Mean | .48 | .69 | 2.9858 | .2164 | .0000000 |
| | Std. deviation | .502 | .464 | 3.34707 | .23407 | .97872097 |
| Most extreme differences | Absolute | .352 | .439 | .279 | .133 | .150 |
| | Positive | .352 | .254 | .279 | .133 | .150 |
| | Negative | –.328 | –.439 | –.204 | –.053 | –.090 |
| Kolmogorov-Smirnov Z | | 3.612 | 4.413 | 2.863 | 1.305 | 1.471 |
| Asymp. sig. (2-tailed) | | .000 | .000 | .000 | .066 | .026 |

Notes: [a]Test distribution is normal.
[b]Calculated from data.

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