

# Family Firm Governance and Long-term Corporate Survival: Evidence from Korean Listed Firms

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## Abstract

**Purpose** - This study aims to examine whether family firm governance is related to long-term corporate survival. To find out whether and why family firms have higher chances of long-term survival compared to non family firms, this study analyzes the relationship between some governance characteristics that are prevalent in family firms and corporate long-term viability.

**Design/methodology/approach** - This study utilizes a sample of 285 family firms listed on the Korea Stock Exchange (KSE) to probe the influence of governance characteristics on corporate survival. This study conducts Cox proportional hazard regression analysis to estimate the influences on the survival duration.

**Findings** - The results indicate that firms with particular governance characteristics show higher long-term survivability. Specifically, the probability of firm's long-term survival is increased when the CEO is the largest shareholder, which may be related to CEO's stewardship attitudes.

**Research implications or Originality** - This study has significance in that it examines the direct causal variables that enhance long-term corporate viability through a large scale empirical examination. Also, the study findings provide some clues as to why certain family firms outlive non-family firms.

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**Keywords:** CEO Stewardship, Family Firm Governance, Family Firm, Long-term Survival

**JEL Classifications:** L20, L29, M19

## I. Introduction

Despite the growing interests in corporate sustainability, in management research, studies on corporate longevity have been rare; those that exist are the work of scholars who study family firms (De Geus, 1997; O'Hara, 2004, Löhde, Calabrò and Torchia, 2020; Ciravegna et al., 2020) This is because the firms that have survived for more than 100 years worldwide are mostly family firms. In general, the executives of family firms who want to hand over control to their descendants—sons, daughters, grandsons, and granddaughters—are naturally concerned about the long-term prosperity and growth of their firms. Thus, compared to the executives of non-family firms, those of family enterprises are highly likely to consider it important to secure long-term corporate growth and stability rather than seek short-term profits when making important business decisions (Miller and Le Breton-Miller, 2005)

On the other hand, family firms are criticized for their conservative management based on

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nepotism, which curtails will for growth, reduces opportunities, and increases risk-averse management (Allio, 2004; Poza, Alfred and Maheshwari, 1997). Moreover, because family firms that adhere to closed, family-oriented management have often collapsed owing to lack of resources, failure to procure external funds, family conflicts over succession of management rights, and so on, family firms are known for their low probability of long-term survival compared to non-family firms (Schulze, Lubatkin and Dino, 2003).

How can we understand these conflicting views on family firms and corporate longevity? Comparative study of family firms and non-family firms is a subject that has received much attention from the academic world. Some recent research has drawn attention to the fact that family firms are better performers (Anderson and Reeb, 2003; Villalonga and Amit, 2006; Wagner et al., 2015), however, no agreement has yet been reached on this issue. The divergence stems, in part, from researchers' inconsistent measurement index, classification, and definitions of family firms (Miller et al., 2007). Specifically, studies with diverse characterizations of family firms may produce divergent performance results for family and non-family organizations (Lee, 2006). Therefore, to understand the influence of family on corporate conduct and strategy, it is necessary to examine the specific governance characteristics of family firms that affect their strategic behaviors and performance, rather than simply conduct a dichotomous comparison of family and non-family firms.

In line with this research trend, this paper investigates some common governance characteristics that are more prevalent in family firms and that may be related to a firm's long-term survival. For this, this study examines the 285 family firms listed on the Korea Stock Exchange (KSE) in 1979, using the Cox proportional hazard regression model to estimate the influences of governance characteristics on the survival duration.

This study makes valuable contributions to the literature on family firm and corporate longevity. Firstly, unlike previous studies that have conceptually suggested some common characteristics of long-standing family firms (De Geus, 1997; O'Hara, 2004) or provided case-based qualitative evidence or theoretical propositions (Stafford, Danes and Haynes, 2013; Löhde, Calabrò and Torchia, 2020; Ciravegna et al., 2020), this study examines the direct causal variables that enhance long-term corporate viability through statistical examinations. To our knowledge, this is one of the few initial large statistical examinations on the causes of corporate long-term survival. Secondly, the study results add value to family firm research, in that the results provide some clues to how different ownership and management characteristics typical in family firms contribute to long-term survival of the firms. Also, the study results indicate that the advantage of family firm governance characteristics may be related to CEO's stewardship attitudes, which has been suggested to be the reason why some family firms out-compete and have sustainable capabilities (Carney, 2005; Le Breton-Miller and Miller, 2006).

The sections below are organized as follows. Section 2 draws research hypotheses based on a literature review of existing studies on family firm governance and long-term survival. Section 3 discusses the research method and measurements of research data and variables. Section 4 summarizes the results of this study, and Section 5 discusses its implications and limitations.

## II. Theory and Hypotheses

### 2.1. Family Governance Characteristics and CEO's Behavioral Attitudes

The common criteria used to define family firms are the amount of ownership shares, the placement of authority, the influence of strategic decision making, and the management participation of multiple generations (Shanker and Astrachan, 1996). The definition and indexing of family firms, which according to some studies account for 80–98% of global companies, have been the most obvious challenge facing the family business researcher (Chua, Chrisman and Sharma, 1999; Handler, 1989; Lansberg, Perrow and Rogolsky, 1988; Miller et al., 2007). Therefore, it is important to define them in accordance with one's objective before undertaking an empirical investigation.

While there have been various studies on the effect of corporate governance on firm strategy and behavior (Daily et al., 2003; Shleifer and Vishny, 1997), the influence of family firm managers on long-term corporate survival can be interpreted from the following two perspectives.

The first is the agency perspective, which characterizes the managers of family firms as self interested agents who cause damage to minority shareholders for the benefit of their own families (Bertrand and Schoar, 2006; Morck and Yeung, 2003). According to this view, agency costs accrue through management entrenchment, the succession within family members regardless of capabilities, and the use of corporate resources for the benefit of families; this may impede corporate growth and threaten firm survival. The second is the stewardship perspective, which sees the managers of family firms as stewards with social and self-realization purposes (James, 1999; Le Breton-Miller and Miller, 2006). In this view, family managers are seen as stewards who sacrifice themselves to achieve value for stakeholders and work to establish a foundation for lasting corporate growth rather than to achieve immediate financial gain.

Then what are the unique governance conditions that make the CEOs of family firms act as agents or stewards? According to Dyer (2006), to examine such conditions, one must arrive at a behavioral definition based on corporate governance characteristics. In other words, one may assume that CEOs in family firms can display both tendencies and that certain forms of corporate governance may increase one tendency or the other. This study thus focuses on the governance conditions that influence CEO's behavioral attitudes either as stewards or agents.

### 2.2. The Incentive of CEO Ownership Power

Large ownership stake gives some incentives for CEOs invest deeply in the future of the firm (James, 1999). Some previous research shows a positive relationship between management equity ownership and making long-term investments such as R&D projects or purchase or build large sized assets (Amihud and Lev, 1999; Hill and Snell, 1988; Zahra, 1996). These long-term investments accrued engender competitive asymmetries – organizational qualities that are hard for other firms to copy, and if tied to the value chain, create capabilities that are sustainable (James, 1999)

According to stewardship theory, large shares of CEO provide strong incentive to act like steward (Davis, Schoorman and Donaldson, 1997) rather than agent thus CEOs tend to show more responsibilities for company performance. Proponents of this theory argue that a pro-or-

ganizational steward is motivated to maximize organizational long-term prosperity (Davis et al., 1997; Donaldson and Davis, 1991) and believes that it is beneficial for the organization to invest more in the future of their firms, even if it may sacrifice short-term gains (Davis et al., 2000). Also, family owners with significant shareholdings will possess the incentive, power, and information to control their managers, thereby reducing free-rider agency costs and boosting returns (Anderson and Reeb, 2003; Morck, Schleifer and Vishny, 1988).

In summary, CEOs with large ownership stake will have incentives to consider more long-term investments and development of firms and function as stewards rather than as agents, thus may ultimately have a positive influence on long-term performance. Therefore, the following hypothesis is presented.

**H1:** The ownership power of a CEO will be positively associated with long-term corporate survival.

### 2.3. Influence of CEO's Managerial Discretion

According to Donaldson and Davis (1991), managers who function as stewards can perform better under the governance where they have considerable discretion in making decisions. Discretion may lead CEOs to form strong psychological bonds (O'Reilly and Chatman, 1986) or feelings of ownership (Pierce, Kostova and Dirks, 2001) with their organizations, which may motivate the CEOs to focus on competency development and long-term investments to be good overseers of corporate assets (Donaldson and Davis, 1991). This perspective thus predicts that the higher the discretion of the CEO, the stronger their stewardship will be. According to various researchers, management stewardship contributes to developing organizational capabilities such as a cohesive organizational culture (Le Breton-Miller and Miller, 2009), talented and loyal staff (Goffee and Scase, 1985) and a sense of unity to achieve a common purpose (Arregle et al., 2007; Miller et al., 2009). Moreover, these CEOs have vision beyond immediate gain (Harris, Martinez and Ward, 1994), which contributes to increased efficiency of corporate long-term investments (James, 1999).

On the other hand, scholars posit that family firms in which multiple family members participate in management underperform non family firms. They may be struggled by internal conflicts and suffer from negative management performances (Miller et al., 2007; Le Breton-Miller and Miller, 2009). That is, if management control is distributed among family members, managers' stewardship may be weakened by family conflict, and agency costs may increase due to the private appropriation of individual managers.

In summary, CEOs with higher managerial discretion will be better motivated and will be likely to behave as stewards who identify organizational success as their own. Thus, they will reduce the risk of indiscriminate investment for short-term performance and focus on long-term development. Such decision-making will ultimately result in longer-term corporate survival. Therefore, the following hypothesis is presented.

**H2:** The greater the CEO's managerial discretion, the higher the probability of long-term corporate survival.

### III. Data and Empirical Approach

#### 3.1. Sample

The hypotheses are tested by examining a sample of firms listed on the Korea Stock Exchange (KSE) in 1979. To analyze the long-term influence of governance characteristics, this study investigates how conditions at the baseline year (time  $t$ , in 1979) influence long-term business survival (time  $t+n$ , in 1999) with a 10, 20 and 30-year observation periods.

The study sample and observation period were chosen for the following reasons. Firstly, as this study aims to understand the causes of long-term corporate survival, it is important to have a sufficiently long observation period. For this, we traced back to the very beginning of the KSE listing. The KSE has established in March of 1956, however, as most big companies financed by themselves from their affiliate banks within business groups, the KSE existed in name only till in 1970s. Then, Korean government established the *Law on Fostering the Capital Market* and enacted the *Law on Promoting the Public Offering of Companies* at the end of 1972 to encourage companies to go public with the intention to boost the capital market. Under these institutional forces, between 1973 and 1979, approximately 300 companies made their initial public offerings and by 1979 the number of companies traded in KSE reached 354, which number remained around the same until the 2nd revision of *Law on Fostering the Capital Market in 1987*. Thus, we chose companies listed in 1979 as our study sample, which identify virtually most of listed firms founded in the beginning of Korean industrial development history. Secondly, as the Korean economy went through rapid environmental changes and various crises during the observation period of this study, survived firms from this period could be recognized as having competitiveness in long-term survival. Korea made a rapid economic growth unrivaled by any other country to become an OECD member country in 1996 from a destitute country and has experienced environmental turbulence such as oil shock in 1979, the IMF crisis in 1997, and the global financial crisis in 2008. In this regard, the external environment of the companies in this study sample is similar to that of today's companies, in that the modern business environment is characterized by high uncertainty and radical changes, thus the results of this study are likely to be applicable for today's companies. Thirdly, KSE listing requirements include criteria based on size, profitability, and management stability, so KSE listed firms can be considered established firms that have overcome initial mortality risks. Thus, they are appropriate for the purpose of this study, which is to explore the cause of long-term corporate survival.

Among the 354 firms listed in May 1979, we excluded 43 firms in the financial sector. Then, we classified family firms from the database. As was mentioned earlier, it is important to define family firms in accordance with one's objective before undertaking an empirical investigation. As this study aims to verify some governance characteristics among family firms which may relate to long-term survival, it seemed desirable to extract the population by applying the most inclusive definition of family firms. Therefore, this study refers to the definition by Villalonga and Amit (2006) to define "family" as "either the founder's family or to an individual or family that becomes the largest non-institutional shareholder in the firm through the acquisition of a block of shares". To determine family firms we identify persons in the "Major holders" section of Annual Reports of KSE Listed Companies 1979. We first extract firms with more than two owner managers as family firms. Among 311 firms, 227 firms (73%) were classified as family firms by this measure. Then we investigated firms with one or none owner managers and

classified a firm with over 20% of an individual or affiliate company ownership from the largest holding family as family firms. 58 firms fall into this category and were added to our final sample of 285 companies.

The data source is Annual Reports of KSE Listed Companies (1977, 1978, and 1979). Annual report data from the 1970s are available only in hard copy, and thus quite decent amount of work was required to build the database. Six research assistants (RA) who majored in business administration were hired to create the database from the annual reports. To assure database quality, we divided the six RAs into two groups and built two separate copies of the datasets from the annual reports. The two datasets were mostly consistent; where there were discrepancies, we referred to the reports and made necessary corrections.

### 3.2. Statistical Methods

The hypotheses presented in this study are analyzed using the Cox regression model, a multivariate analysis that employs a mathematical model and a cumulative survival function. Thus, the ratio of the case in which a firm survives to a certain point after some time is the dependent variable.  $S$  represents the survival function.

$$S(t) = [S_0(t)]^b \quad (1)$$

$$b = \exp(B^t Z)$$

Here,  $Z$  represents the covariate, which includes both the continuous variable and the categorical variable.  $\beta = (\beta_1, \dots, \beta_p)$  indicates the regression coefficient.

A representation of the distribution of survival times is the hazard function, which assesses the instantaneous risk of demise at time  $t$ , conditional on survival to that time:

$$h(t) = \lim_{\Delta t \rightarrow 0} \frac{P[t \leq T \leq t + \Delta t | T \geq t]}{\Delta t} \quad (2)$$

Therefore, Cox regression model can be written as follows.

$$h(t | Z) = h_0(t) \exp(\beta^t Z) \quad (3)$$

Here,  $h_0(t)$  represents a baseline hazard function at the time  $t$ , when all the predictors are 0. Consider, two observations, with corresponding predictors  $Z$  and  $Z^*$ , the hazard ratios for these two observations are independent of time  $t$ . Consequently, the Cox model is called a proportional-hazards model.

$$\frac{h(t|Z)}{h(t|Z^*)} = \frac{h_0(t) \exp(\beta^t Z)}{h_0(t) \exp(\beta^t Z^*)} = \exp[\beta^t (Z - Z^*)] \quad (4)$$

Therefore, Cox regression analysis examines the relationship of the survival distribution to covariates, and this examination entails the specification of a linear-like model for the hazard.

This study uses the Cox regression model for the following reasons. First, it enables the analysis of data, including censored data, for inaccurate survival periods. In this study, firms that continued to be listed until 1989, 1999 and 2009, the end point of the research period, are processed in the right-censored state. The Cox regression model has the advantage of including such data in the estimation of survival function. Second, it examines the desired result of the influence of firm conditions on corporate survival—that is, the influence of each

covariate—without making strong parametric assumptions. Parametric methods require strong parametric assumptions to determine the survival function; however, in this case, the model often poorly fits the data, leading to undesirable results. The Cox regression model employs only the rank of a survival period's observed values, which indicates the influence of each covariate without parametric assumptions.

### 3.3. Measures

#### 1) Dependent Variable

**Long-term Survival.** The focal variable of this study is long-term survival. Cox regression analysis requires both survival status and survival duration values of each firm. Delisting serves as a proxy for corporate demise in this study, thus the survival duration of each firm is measured as 1979 to the delisting point. We treat firms still listed in 1989, 1999 and 2009 as right-censored cases. As pointed out by Hambrick and D'Aveni (1988), it is rare for established firms to become completely dispersed, making it difficult to define the point of demise in established firms. As this study targets listed firms, we used the event of delisting as a proxy to measure corporate demise, as in the related previous studies (He, 2008; Ahn, 2018).

#### 2) Independent Variables

**CEO Ownership Power.** One of the most researched variables related to CEO's influence on strategic decision making is the CEO ownership (Daily and Johnson, 1997; Westphal and Zajac, 1995). This study uses only the status (or non-status) of the CEO as the largest shareholder to measure CEO ownership power (Allen and Panian, 1982). To decide whether the CEO is the largest shareholder or not, we compare the top person appeared on the "Officers" section with the title of representative director and the largest shareholder from "Major holders" section from Annual Reports of KSE Listed Companies 1979. Where the CEO is the largest shareholder is coded as 1 and where the CEO is not a major shareholder is coded as 0, respectively.

**CEO Managerial Discretion.** To measure the level of CEO's managerial discretion, this study utilizes the number of owner managers within top management team (TMT). According to Hambrick and Finkelstein (1987), powerful internal stakeholders are one of the most important forces shaping the level of managerial discretion. Large number of family managers in TMT may limit CEO's latitude to focus on their ideology and to embark on long-term pursuits (Le-Breton-Miller and Miller, 2006). To calculate the variable, we referred to the "Officers" section of Annual Reports of KSE Listed Companies 1979 and count the number of managers who appear at "Major holders" section. We regard firms with more than three family managers in TMT as having higher possibilities of conflicts among family managers and thus may limit CEO's managerial discretion. Thus, firms with three or more owner managers are coded as 1, and firms with two or less family managers are coded as 0.

#### 3) Control Variables

**Firm Age.** In most previous survival studies, age is seen as a definite variable that influences corporate survival rate (Aldrich and Auster, 1986; Freeman, Carroll and Hannan, 1983), which is especially true for young firms under the age of 8 to 10 years (Brüderl and Schlusser, 1990).

In this study we regard firms under the age of 10 years as young firms having higher chances of mortality. The age of each firm at the beginning of the baseline year (1979) is calculated by subtracting its founding year and firms under the age of 10 years are coded as 1, and otherwise coded as 0.

**Firm Size.** Many previous studies also regard size as a common factor influencing corporate survival rate (Aldrich and Auster, 1986, Evans, 1987). As is for the profitability the logarithm of the average of total assets for the three years from 1976 to 1978 is employed to measure size in this study.

**Profitability.** Profitability is another major factor influencing corporate survival (Bercovitz and Mitchell, 2007; Carroll and Harrison, 1994; Levinthal, 1991). The average value of the return on asset for the three year period immediately prior to the baseline year (1976-1978) is used for the profitability index, to incorporate a measure of a firm's financial history (Bercovitz and Mitchell, 2007) and to mitigate the influence from an unusual performance result of a particular year.

**Business Group.** Business group companies are generally considered to be different from independent companies in terms of equity structures and decision making on mergers and acquisitions between affiliates. The Fair Trade Commission began designating and publishing the 30 largest business groups since 1987 only and there is no official list of those companies in the 1970s. Thus, we refer to Lee et al. (2008)'s list of 30 business groups, which classified the 30 largest asset groups as of 1977. A company belongs to one of the 30 largest business groups is coded as 1, and otherwise coded as 0.

**Industry Sector.** To control the industry sector effects such as density dependence (Carroll and Hannan, 1989), strength of competition (Bercovitz and Mitchell, 2007), and industry life cycle (Agarwal, Sarkar and Echambadi, 2002) on corporate survival rate which was assumed as significant in many previous studies, the industry sector variable was included. Seventeen industry sectors are classified in Annual Reports of KSE Listed Companies 1979 and we made four industry dummies as follows: Primary (fishing, etc.), Manufacturing, Construction, and Services industry.

**Listing Year.** To eliminate the listing point's influence on corporate survival, this study included a set of corporate listing year dummy variables, based on the year the firm was first listed in KSE: firms listed before 1972 (Listing Year 1), between 1973-1976 (Listing Year 2) and in 1976 and after (Listing Year 3)

## IV. Results

### 4.1. Means, Standard Deviations and Correlations

Table 1 gives the descriptive statistics for the key variables. Eighty-five percent of the sampled companies survived until 1989. The mean age of the companies at the beginning of 1979 was 18.43 years. The percentage of firms where the largest shareholder was the CEO in the sample was 65% and in 34% of companies, multiple family owners served as officers. In regard to business group variable, it has strong negative correlations with both CEO ownership variable and CEO discretion variable, which suggests that business group companies may strikingly differ in their governance structure from the independent companies. Also, business group companies generally show lower performance and higher debt ratio, which may reflect manage-



ment practices of Chaebols in 1970s, the birth period of Chaebols. Multicollinearity among variables did not occur.

**Table 1.** Summary Statistics and Correlations.

Variables	1	2	3	4	5	6	7	8
1. Survival	1	.145*	.052	.138*	.201**	.113	-.162**	-.061
2. CEO Ownership		1	.083	.037	.104	.082	-.066	-.220**
3. CEO Discretion			1	.036	.021	-.070	-.076	-.198**
4. Firm Age				1	.006	.176**	.004	-.009
5. Profitability					1	-.153**	-.496**	-.183**
6. Firm Size						1	.353**	.430**
7. D/E Ratio							1	.249**
8. Business Group								1
Mean	0.85	0.65	0.34	18.43	0.05	6.23	3.59	0.31
SD	0.36	0.48	0.47	8.27	0.05	0.47	3.11	0.46

Notes: 1. \*\* Correlation is significant at the 0.01 level; \* Correlation is significant at the 0.05 level (2-tailed) .

#### 4.2. Cox Regression Analysis

Table 2 shows the results of Cox regression analysis. Model 1 shows the chances of firm survival until 1989. The results of Model 1 support the general findings of previous survival research, Firms with higher profitability tend to survive longer (Bercovitz and Mitchell, 2007; Levinthal, 1991), and young firms have relatively lower chances of long-term survival (Aldrich and Auster, 1986). Firm size is also a strong predictor for corporate long-term survival and larger firms tend to survive longer. Debt Equity ratio is also significant and firms with higher level of debt show lower chances of long-term survival.

Hypothesis 1 predicts the relationship between CEO ownership power and long-term corporate survival. Model 1 shows the coefficient of CEO ownership variable is negative and significant, which indicates CEO ownership contributes to long-term survival of a firm. Thus, hypothesis 1 is supported. Hypothesis 2 predicts that CEO managerial discretion contributes to long-term survival of a firm. Contrary to hypothesis 2, in Model 1, the coefficient of CEO managerial discretion variable is not significant, thus hypothesis 2 is not supported. The reason why hypothesis 2 is not supported can be explained as follows. Given the strong government-led industrial policies were implemented during the study period, it could imply that the influence of external environmental factors on the level of managerial discretion was stronger than the influence of internal governance characteristics (Wangrow, Schepker and Barker, 2015). Also, as this study controlled the industry sector only at a large classification level, it might have failed to reflect the varying levels of managerial discretion at a smaller industry segment. In addition, it may imply that the influence of the CEO's influence in strategic decision making was limited in many affiliate companies in business groups, due to the vast power of head CEO of Chaebols.

Among other control variables, industry sectors are shown to be strongly associated with corporate long-term survival. Compared to the reference industry (construction), companies in the primary industry had a low survival rate, and companies in the manufacturing and service industries had significantly higher survival rates. These results support the long-held belief

by population ecologists (Hannan and Freeman, 1977; Freeman et al., 1983) that long-term survival of organizations are affected by the external environment in which organizations belong to, i.e., the life cycle of the industry, regardless of companies' strategic choices. In terms of listing years, firms that made earlier IPO tend to have higher survival chances, that may be interpreted as a reflection of a "liability of newness" phenomenon for firms in the Korean Stock Exchange markets.

To examine the sensitivity of the results and how long of the influence of these variables lasts, in Model 2 and Model 3, we conducted Cox regression analysis with an observation period of 20 and 30 years respectively. As shown in Model 2 and Model 3, the explanatory power of most variables remains as same for 20 and 30 years of firm survival. Considering that the sampled family firms are relatively large sized companies, the results can be considered as an evidence of the argument by Hambrick and D'Aveni (1988) that signs of survival failure of large companies come very early in the real world and are observable phenomena from several decades ago.

**Table 2.** Results of Cox Regression Analysis

Models Dependent Variable	Model 1 Survival in 1989 <sup>c</sup>		Model 2 Survival in 1999 <sup>c</sup>		Model 3 Survival in 2009 <sup>c</sup>	
	$\beta$	S.E.	$\beta$	S.E.	$\beta$	S.E.
Variables						
H1:CEO Ownership	-0.700	0.346**	-0.651	0.270**	-0.588	0.217***
H2:CEO Discretion	-0.104	0.385	0.151	0.284	0.050	0.227
Age (Young firms)	1.488	0.567***	1.080	0.395***	0.900	0.325***
Size (Log Asset)	-1.351	0.423***	-0.899	0.347**	-0.348	0.298
Profitability (ROA)	-8.651	3.782**	-5.771	2.833**	-6.119	2.340***
D/E Ratio	0.095	0.044*	0.084	0.042**	0.007	0.045
Institutional Shares	-0.325	1.118	0.696	0.868	0.482	0.696
Business Group	0.760	0.382**	0.357	0.311	0.227	0.254
Listing Year(-72)a	-1.529	0.746**	-0.825	0.506	-0.925	0.403*
Listing Year(73~76)a	-0.338	0.411	-0.213	0.299	-0.412	0.236*
Industry_Primary b	1.596	0.729**	1.428	0.625**	1.424	0.518***
Industry_Serviceb	-1.086	0.565*	-0.694	0.425	-0.607	0.331*
Industry_Manufacturingb	-1.420	0.512***	-1.113	0.390**	-1.058	0.299***
2 Log Likelihood	366.68		631.17		1005.47	
Chi-Square (d.f.)	91.84 (13)***		75.82 (13)***		89.06 (13)***	

Note: 1. a. Compared to Listing Year(77~)

2. b. Compared to Industry\_Construction

3. c. The number of delisted firms used for each model is 41(for 1989), 66(for 1999) and 104(for 2009), respectively.

4. \*\*\* p < 0.01; \*\* p < 0.05; \* p < 0.1

The results confirm the need to verify specific governance conditions that influence CEO's behavioral attitudes, rather than simply conduct a dichotomous comparison of family and non-family firms, to understand whether family firm governance relates to higher long-term survivability of firms. In addition, the results imply that the advantage of family firm governance characteristics for long-term survival is related to governance conditions that may enhance CEO stewardship.

## V. Conclusion and Discussion

The main purpose of this study was to identify family firm governance conditions under which the probability of long-term corporate survival increases. The results indicate that certain governance conditions may help increase CEO motivation to act as a steward endeavoring to promote the long-term sustainability of the business (Miller and Le Breton-Miller, 2005). Specifically, the study results indicate that CEO's ownership power provide incentives and motivations to enhance CEO stewardship. It is plausible to assume that a large ownership stake gives the CEO the authority and power to focus on ideology rather than paying full attention to short-term shareholder gains and thus being more concerned about the company's long-term growth and success. According to the stewardship theory, CEOs want to be good overseers of corporate assets; with appropriate authority, they will strive to make decisions beneficial to the long-term competitiveness of their firms (Donaldson and Davis, 1991).

The value of this study can be explained from several perspectives. First, this study provides some empirical evidence on the influence of corporate governance on a company's long-term performance, thus is supportive for scholars who view a company's performance as an outcome contingent on behavioral aspects of the company's CEO, which are contingent upon governance characteristics (Dyer, 2006; Le Breton-Miller and Miller, 2009). Also, the results provide some support for the idea that it is not simply being a family firm but instead certain governance characteristics of family firms that may affect a CEO's stewardship attitude in strategic decision making, which has been suggested to be the reason why some family firms out-compete (Carney, 2005; Le Breton-Miller and Miller, 2006).

Second, this study has significance in that it deals with the phenomenon of corporate longevity, which has been understudied in management research. Usually, the outcome of a CEO's strategic decision cannot be realized in the short term; long-term observation is required to judge whether it has been successful. However, a longitudinal approach to research on CEOs' strategic decisions has been rare. It is partly because of the difficulty of obtaining reliable data on demised firms. To our knowledge, this study, while admitting some limitations in terms of methodology, is one of the first few large-scale statistical examinations to investigate the causes of corporate longevity.

The limitations of this study could be the starting point for future studies. First of all, in this study, we applied Cox regression analysis and examined the influence of each variable at a certain point in time on long-term viability (Bercovitz and Mitchell, 2007; Ahn, 2014). This research method is applicable on the premise that signs of survival failure of companies come very early in the real world and thus are observable phenomena from several decades ago (Hambrick and D'Aveni, 1988), and on the assumption that the governance variables remain consistent for some years without significant changes (Stafford, Danes and Haynes, 2013). Nevertheless, it has the limitation that the analysis only reflects governance characteristics at a particular point in time and ignores yearly changes that may have occurred. In particular, unlike CEO ownership variables, which are expected to have relatively smaller yearly changes, CEO managerial discretion is more likely to be time varying construct due to evolving relationships among members in top management team, so research data reflecting these factors will be more desirable. In future research, more precise verification might be carried out through a composition of panel data to supplement these shortcomings. Also, as this study utilizes a unique dataset of family firms listed in KSE, thus the results may strongly reflect the characteristics of Korea's business environment. Therefore, a follow-up study with other countries' com-

pany data could be done to verify the results of this study. In addition, this study assumes that management stewardship may have a positive influence on long-term corporate survival. However, we did not test directly how CEO stewardship leads firms to achieve better long-term viability. Studies to test the influence of various organizational resources and capabilities related to CEO's stewardship on long-term corporate survival may be beneficial.

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