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## The alignment of overseas Chinese family businesses in southeast Asia with agency theory and stewardship model: An exploration of theory and practice

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### Abstract

The study aims to explore the alignment of overseas Chinese family businesses in Southeast Asia with Agency Theory and the Stewardship Model to provide insights into the balance between agency-driven monitoring mechanisms and stewardship-driven trust and shared vision in family business contexts. Agency Theory, which highlights the conflict of interests between principals (owners) and agents (managers), necessitates governance mechanisms to ensure goal alignment. The focus is on minimizing agency costs through formal contracts, monitoring, and performance incentives. Also Stewardship Model where contrary to Agency Theory, Conversely, the Stewardship Model emphasizes the alignment of interests between owners and managers, rooted in trust, shared goals, and intrinsic motivation. Managers act as stewards, prioritizing organizational well-being over self-interest. This qualitative study employs research methods including case studies and interviews with key stakeholders (e.g., family members, executives, and employees) in Chinese family businesses across Southeast Asia. The study bridges Western theoretical frameworks (Agency Theory and Stewardship Model) with the unique cultural and operational characteristics of overseas Chinese family businesses in Southeast Asia. It introduces the concept of hybrid governance, where Agency Theory and the Stewardship Model co-exist and are shaped by cultural norms. The research offers actionable insights for family business practitioners, policymakers, and scholars to design governance structures that optimize performance while respecting cultural traditions. Few studies have addressed the interplay between Agency Theory, the Stewardship Model, and the distinctive dynamics of overseas Chinese family businesses in Southeast Asia. This research fills this gap by providing both a theoretical and empirical contribution.

**Keywords:** Agency theory, Overseas Chinese, Southeast Asia, Stewardship model, Sustainable growth.

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## 1. Introduction

Chinese family businesses operating outside their home country have emerged as a significant force within the global economy [1]. Such enterprises are confronted with distinct challenges emanating from the intersection of family dynamics and business operations, with the critical issue being the alignment of the interests of family members and non-family managers. According to Prato and Han [2], the agency theory and stewardship model offer divergent viewpoints regarding how to achieve this alignment of managerial interests.

This study aims to investigate the extent to which overseas Chinese family businesses align with agency theory and the stewardship model, identifying the theoretical foundations on which they operate, and providing insights for family business owners and policymakers to align the interests of family members and non-family managers through a survey of well-established Chinese family business owners in major Southeast Asian countries, and analyzing the collected data using descriptive statistics.

Undoubtedly, family businesses play a pivotal role in the global economy. Within this context, it is worth highlighting that overseas Chinese family businesses have emerged as significant contributors to the world's economic growth [3]. Nonetheless, these entities confront unique challenges stemming from both their familial dynamics and business operations. Among these challenges, aligning the interests of family members and non-family managers stands out as a critical issue that requires attention [4]. To this end, this study will delve into agency theory and the stewardship model as alternative perspectives for addressing this challenge in family businesses.

In the realm of management theory, agency theory posits that managers may prioritize their own interests rather than those of their shareholders or owners, creating a potential for conflict of interest. To mitigate this, the principal should devise incentive schemes that align managers' interests with those of the owners [5]. In contrast, the stewardship model emphasizes trust and common objectives between owners and managers. It suggests that managers behave as stewards of the business, striving toward the organization's long-term prosperity rather than their own self-interest [6].

Numerous research works have explored the implementation of agency theory and stewardship models in family enterprises. Chang and Hong [7] have observed that Taiwanese family firms are inclined towards the stewardship model more than the agency theory. Similarly, Litz and Kleysen [8] have discovered that Canadian family firms often follow the stewardship model, but this may differ based on the extent of family engagement in the firm.

According to Gómez-Mejía et al. [9], family businesses in Mexico tend to adopt a hybrid approach that combines elements of both agency theory and the stewardship model. The researchers propose that family businesses may need to find a balance between the need for control and the importance of trust and shared objectives between owners and managers. On the other hand, the study by Sharma and Rao [10] found that family businesses in India tend to favor agency theory over the stewardship model.

Based on the literature, the selection between the agency theory and the stewardship model depends on several factors, such as the family's culture, level of family participation in the business, and the business's size and complexity. Achieving a balance between control and trust is crucial for family businesses, and incentives should be tailored to align the interests of managers with those of the owners.

To sum up, the literature suggests that family businesses need to adopt a hybrid approach that balances agency theory and the stewardship model. This study will provide additional insights into how foreign Chinese family businesses align with agency theory and the stewardship model and identify the theoretical foundations on which these businesses operate. The study's findings will be useful for family business owners, policymakers, and scholars.

The main objective of this research is to investigate the extent to which overseas Chinese family businesses align with agency theory and the stewardship model. These two theoretical perspectives propose different approaches to aligning the interests of family members and non-family managers within family businesses. By examining the degree of alignment of overseas Chinese family businesses with these models, this study will provide valuable insights into how these businesses operate and manage their internal dynamics. Additionally, the research will identify the theoretical foundations that underpin the strategies and practices of these businesses, shedding light on the cultural and institutional factors that shape their decision-making and management approaches. Overall, this research aims to contribute to a better understanding of the unique challenges and opportunities that foreign Chinese family businesses face in the global economy.

### 1.1. Research Propositions

1. Foreign Chinese family businesses in major Southeast Asian countries are more likely to align with the stewardship model than the agency theory due to the cultural emphasis on family values and long-term thinking.
2. The challenges of aligning family members' and non-family managers' interests in foreign Chinese family businesses are influenced by factors such as communication barriers, differences in management styles, and trust issues.
3. Incentivizing managers through a combination of financial and non-financial rewards will enhance their alignment with the objectives of foreign Chinese family businesses in major Southeast Asian countries.

The significance of the research is that it will provide valuable insights into the challenges faced by foreign Chinese family businesses and how they align the interests of family members and non-family managers. By exploring the degree to which these businesses align with agency theory and the stewardship model, the study will offer practical guidance for family business owners and advisors.

## **2. Literature Review**

Overseas Chinese family businesses have played a significant role in the economic landscape of Southeast Asia for centuries [11]. These businesses are typically owned and operated by Chinese families who migrated to Southeast Asian countries (*Nanyang*), such as Malaysia, Indonesia, Singapore, Thailand, and the Philippines. They have made substantial contributions to the development and growth of these economies. To understand the dynamics of these businesses, it is important to delve into their historical context and key characteristics.

### *2.1. Overseas Chinese Family Businesses*

Chinese migration to Southeast Asia can be traced back to as early as the 15th century during the Ming Dynasty. However, significant waves of Chinese immigrants arrived in the 19th and early 20th centuries, driven by economic opportunities and escaping social and political unrest in China [12]. Early Chinese immigrants often engaged in trade, mining, agriculture, and other industries. They formed tightly-knit communities and established small businesses. Many of these businesses eventually evolved into large family conglomerates [13]. Chinese immigrants established vibrant Chinatowns in cities across Southeast Asia, serving as centers for trade, culture, and community building.

Overseas Chinese family businesses also need to adapt to modern business practices in order to remain competitive. This can be challenging, as they often have a culture of secrecy and resistance to change. Additionally, they may lack the resources and expertise to implement modern business practices.

They also need to navigate changing political and economic landscapes in the countries where they operate. This includes dealing with corruption, weak governance, and changing regulations. They may also need to adapt their business strategies to changing economic conditions, such as a slowdown in the global economy, rising inflation, and interest rates etc.

In addition, Sukamdani [14] also found four key issues impacting Chinese family businesses in Southeast Asia in his recent study as below:

### *2.2. Succession Planning and Generational Tensions*

Succession planning is a critical issue for all family businesses, but it is especially challenging for Chinese family businesses in Southeast Asia [15]. This is because Chinese culture places a high value on family harmony, which can lead to reluctance to discuss sensitive topics such as succession. Additionally, many Chinese family businesses are owned by first-generation entrepreneurs who are reluctant to give up control. This can lead to generational tensions, as younger family members may feel frustrated by their lack of opportunities.

The emphasis on hierarchy can also have a significant impact on succession planning in Chinese family businesses [16]. In traditional Chinese culture, there is a clear hierarchy between parents and children, elders and juniors, and men and women. This hierarchy is often reflected in the structure of Chinese family businesses, with the eldest male family member typically being the head of the business. This can make it difficult for younger generations to take on leadership roles, even if they are more qualified.

Succession planning is a critical issue for all family businesses, but it is especially challenging for Chinese family businesses in Southeast Asia. Cultural factors such as collectivism, hierarchy, and the importance of family can lead to reluctance to discuss sensitive topics such as succession and to make decisions that are in the best interests of the business but not necessarily in the best interests of the family. These cultural factors can also lead to generational tensions.

### *2.3. Cultural and Institutional Factors*

Chinese family businesses in Southeast Asia are also impacted by cultural and institutional factors [17]. Chinese culture emphasizes collectivism, hierarchy, and the importance of family. These values can significantly impact Chinese family businesses in Southeast Asia. For example, the emphasis on collectivism can lead to family members being placed in senior positions regardless of their qualifications. This can be beneficial if family members are hardworking and capable, but it can also lead to nepotism and poor management. Asokan et al. [18] found that authoritarian leadership significantly influences the organizational culture of information technology companies in Malaysia.

Institutional factors such as weak governance and corruption can also create challenges for Chinese family businesses in Southeast Asia. Weak governance can make it difficult for family businesses to access financing and to compete on a level playing field with larger, more established businesses [17]. Corruption can also lead to family businesses being extorted by government officials or being denied access to essential services.

Despite the challenges, Chinese family businesses play an important role in the economies of Southeast Asia. They are often more entrepreneurial and innovative than larger, more established businesses. They are also more likely to invest in their employees and their communities.

#### 2.4. *Balancing Family and Business Orientations*

Balancing family and business orientations is a key challenge for Chinese family businesses [16]. On the one hand, family businesses often have a strong family orientation, which can lead to conflicts between family and business interests. On the other hand, businesses need to be run professionally in order to be successful.

Balancing family and business orientations is a key challenge for Chinese family businesses. However, there are several ways that Chinese family businesses can successfully balance family and business orientations. By establishing clear and separate family and business structures, maintaining clear communication and expectations, and implementing a succession plan, Chinese family businesses can ensure they are managed professionally and achieve long-term success.

#### 2.5. *Corporate Social Responsibility (CSR) and Ethical Practices*

Corporate social responsibility (CSR) and ethical practices are increasingly important for Chinese family businesses. CSR involves the practice of businesses taking responsibility for their social and environmental impacts [19]. Ethical practices are those that are considered to be right and fair, and that are consistent with moral principles.

Chinese family businesses are increasingly expected to adopt CSR and ethical practices for a number of reasons [20]. First, consumers are becoming more aware of the social and environmental impacts of their purchases, and they are increasingly choosing to buy products and services from businesses that they believe are responsible. Second, governments are passing laws and regulations that require businesses to adopt certain CSR and ethical practices. Third, investors are increasingly looking to invest in businesses that have a strong track record of CSR and ethical practices.

Adopting CSR and ethical practices can be challenging for Chinese family businesses, but there are numerous benefits that businesses can gain by doing so. CSR and ethical practices can help businesses attract and retain customers, employees, and investors. They can also improve a company's reputation and enable better risk management.

#### 2.6. *Agency Theory*

According to Panda and Leepsa [21], agency theory has been used to explain a wide range of phenomena in business, including the relationship between shareholders and managers, the relationship between principals and agents in other types of organizations, and the relationship between politicians and bureaucrats. It has also been used to study the behavior of individuals in other contexts, such as the relationship between doctors and patients, and the relationship between lawyers and clients.

The key concepts of agency theory are:

- The principal-agent relationship: This is the relationship between the party who hires the agent and the party who is hired to perform a task.
- The principal's problem: This is the problem that the principal faces in ensuring that the agent acts in their best interests.
- The agent's problem: This is the problem that the agent faces in maximizing their own utility, which may not be in the best interests of the principal.
- Agency costs: These are the costs that arise from the principal-agent relationship. They can include monitoring costs, bonding costs, and residual losses.

#### 2.7. *Agency Theory in Family Businesses*

Agency theory has been applied to family businesses to explain the challenges these businesses face in aligning the interests of family members and non-family managers. Panda and Leepsa [21] claimed that family businesses are characterized by a high degree of ownership concentration, which can lead to a conflict of interest between the family owners and the non-family managers. The family owners may want to maximize the long-term value of the business, while the non-family managers may be more interested in maximizing their own short-term rewards.

#### 2.8. *Recent Developments in Agency Theory*

According to Gwala and Mashau [22], recent research on agency theory has focused on a number of issues, including:

- The role of trust in the principal-agent relationship.
- The impact of family culture on the alignment of interests in family businesses.
- The use of alternative governance mechanisms to reduce agency costs.
- The relationship between agency theory and other theories of organizational behavior.

The research on agency theory is still evolving, but it has provided valuable insights into the challenges that businesses face in aligning the interests of principals and agents. This research has also helped to develop new strategies and mechanisms for reducing agency costs and improving the performance of businesses.

#### 2.9. *Stewardship Theory*

Stewardship theory is a theory of organizational behavior that views individuals as stewards of the organizations they work for. Stewards are motivated to act in the best interests of the organization, even if it means sacrificing their own personal interests. They are also motivated to build and maintain relationships with other stakeholders, such as customers, suppliers, and employees.

Stewardship theory was developed in the 1990s by William Davis, Lee Donaldson, and Robert Schoorman [23]. They argued that the traditional view of managers as agents of the shareholders was too simplistic. They proposed that managers are more likely to act in the best interests of the organization if they are treated as stewards.

Stewardship theory has been applied to a variety of settings, including family businesses. Family businesses are often characterized by a strong sense of family identity and commitment to the business. This can create a climate where managers are more likely to act as stewards.

#### *2.10. Stewardship Theory in Family Businesses*

Stewardship theory has been applied to family businesses in various ways. Some studies have found that family businesses are more likely to adopt a stewardship approach to management than non-family businesses. Other studies have found that stewardship is more likely to be present in family businesses with a strong family culture and a clear sense of purpose [24].

#### *2.11. Recent Developments in Stewardship Theory*

There have been a number of recent developments in stewardship theory [25, 26]. One development is the focus on the role of emotions in stewardship [26]. Emotions such as trust, commitment, and identification have been shown to be important factors in promoting stewardship.

#### *2.12. Hybrid Model*

The hybrid model is a governance model that combines elements of the stewardship and agency models [27]. In the hybrid model, family members are seen as both stewards and agents of the business [24].

#### *2.13. Hybrid Model in Family Business*

According to Madison et al. [28], the hybrid model has a number of advantages for family businesses. First, it can help to ensure that the business is managed in a way that is consistent with the family's values and goals. Second, it can help to reduce the risk of conflict between family members and shareholders. Third, it can help to attract and retain talented management.

#### *2.14. Recent Developments in the Hybrid Model*

There have been a number of recent developments in the hybrid model [29]. One development is the focus on the role of emotions in the hybrid model. Emotions such as trust, commitment, and identification have been shown to be important factors in promoting the hybrid model.

#### *2.15. Summary*

Overseas Chinese family businesses are major contributors to the economies of Southeast Asia. They are often more entrepreneurial and innovative than larger, more established businesses. They are also more likely to invest in their employees and communities. However, these businesses face a number of challenges, including succession planning and generational tensions, cultural and institutional factors, and balancing family and business orientations. Despite these challenges, overseas Chinese family businesses play an important role in the economies of Southeast Asia.

### **3. Methodology**

#### *3.1. Research Design*

The research will adopt a survey approach to interview Chinese family business owners in major Southeast Asian countries. The survey will be conducted physically or via Zoom. It will include semi-structured questions on agency theory, the stewardship model, and the hybrid model.

##### *Research Methods*

This study utilized fuzzy-set qualitative comparative analysis (fsQCA) to examine the configurations of conditions that lead to the outcome of interest [30]. fsQCA is a case-oriented comparative method that bridges quantitative and qualitative approaches. It applies principles of set theory and Boolean algebra to assess complex causality and identify combinations of causal conditions associated with an outcome [31].

fsQCA treats cases as configurations of attributes and uses set memberships to indicate the degree to which a case has those attributes [32]. Calibration is the process of transforming original data values into set memberships on a scale from 0 (fully out) to 1 (fully in) using theoretically and empirically meaningful thresholds. Following calibration, a truth table is constructed that lists all logically possible configurations of causal conditions and the empirical outcome associated with each. Through Boolean minimization, the truth table is simplified to identify configurations of conditions that are sufficient or necessary for the outcome [30].

In the current study, calibration was conducted based on recommendations in the literature. Fuzzy set scores were derived for [describe how calibration was done for key variables]. Using fsQCA 3.0 software, a truth table was created and logically minimized through the Quine-McCluskey algorithm to derive parsimonious and intermediate solutions. Consistency and coverage scores evaluated the degree to which the data fit hypothesized causal relations.

#### *3.2. Data Analysis*

In this research, the videos of the interview will first be converted into text files. Then, the relevant steps of content analysis will be carried out with the technology of text mining using Python, including defining categories, determining coding principles, and content coding, as well as statistical analysis using fsQCA. It is hoped that through content analysis,

we can understand the content of the interview more systematically and provide quantitative analysis aspects for our research.

Generally, research will use indicators such as frequency, consistency, and PRI consistency to perform the screening process. Frequency refers to how many cases belong to a configuration. Consistency refers to the proportion of cases that will produce the same outcome under the same configuration. The higher the consistency, the stronger the indication that the configuration points to the same result. PRI consistency refers to Proportional Reduction in Inconsistency. It is an index designed to address the problem of simultaneous subset relations in fuzzy sets [31, 33].

After filtering out relatively important configurations, sufficiency analysis will be used to detect and omit conditions that are logically redundant ("don't care situation"). After calculation by the "Quine-McCluskey" algorithm [33], there will be two results: parsimonious and intermediate solutions. Generally, the antecedents defined by the parsimonious solution are regarded as core conditions because these antecedents will appear in all solution methods.

As for the antecedents defined by intermediate solutions, there will be antecedents that only appear in intermediate solutions (we call them peripheral conditions) and other premises that will appear in parsimonious solutions at the same time (core conditions). The result of completing the sufficiency analysis is the basic analysis result of fsQCA.

### 3.3. Population and Sample

The population consisted of well-established (medium to large-sized) Chinese family business owners in major Southeast Asian countries. The family business owners should hold medium to large-sized businesses.

According to the ASEAN Secretariat in 2015, a mid-size enterprise (MSE) in ASEAN is defined as a company with 50 to 500 employees and annual revenues ranging from approximately US\$10 million to US\$100 million. However, the report notes that the definition of an MSE can vary by country and industry.

The sample comprised nine Chinese family business owners and senior management members in Taiwan, Thailand, Cambodia, Singapore, Indonesia, the Philippines, and Malaysia.

## 4. Result

Two fsQCA models are constructed in this draft. Model A uses Stewardship Strength as the dependent variable and other variables (Employee Size, Control Strength, Owner's Satisfaction, and Firm Performance) as independent variables.

Model B uses Firm Performance as the dependent variable and other variables (Employee Size, Control Strength, Stewardship Strength, and Owner's Satisfaction) as independent variables.

Based on the characteristics of the questionnaire, in order to construct fsQCA to respond to the research topic, coding was carried out as shown in Appendix 1.

This study uses fuzzy calibration to convert the data into fuzzy scores.

Then use frequency  $\geq 1$ , consistency  $\geq 0.75$ , and PRI consistency  $\geq 0.5$  as conditions to filter out unnecessary results and create a truth table.

Finally, the variables (conditions) are simplified through the Boolean minimization algorithm to obtain the following model:

### 4.1. Model A

The results show the existence of two configurations sufficient for high levels of Stewardship. The first configuration is characterized by high levels of Employee Size and Owner's Satisfaction as core conditions and high levels of Control Strength as a peripheral. The second configuration is described by high levels of Owner's Satisfaction and low levels of Firm Performance as core conditions and high levels of Control Strength as peripheral.

**Table 1.**  
Fuzzy-Set Qualitative Comparative Analysis (fsQCA) Results for Stewardship Strength Configurations.

Modle A		Stewardship Strength		~Stewardship Strength	
		1	2	1	2
F Em	Employee Size	●			○
F_Q14	Control Strength	▲	▲	▲	
F_Q5	Owner's satisfactory	●	●	○	▲
F_Q6	Firm Performance		○		●
	Consistency	0.889	0.87	1	1
	Raw Coverage	0.488	0.645	0.472	0.432
	Unique Coverage	0.137	0.294	0.394	0.354
	Solution Consistency	0.868		1	
	Solution Coverage	0.782		0.826	

Note: ●○ core condition      ●: presence (high levels); ○: absence (low levels)  
 ▲▽ peripheral      ▲: presence (high levels); ▽: absence (low levels)

In addition, the results also highlight the existence of two configurations leading to low levels of Stewardship. The first configuration is characterized by low levels of Owner's satisfaction as core conditions with high levels of Control Strength as peripheral. The second is characterized by low levels of Employee Size and high levels of Firm Performance as core conditions, with high levels of Owner's satisfaction as a peripheral.

#### 4.2. Model B

The results show the existence of two configurations sufficient for high levels of firm performance. The first configuration is characterized by high levels of employee size and low levels of owners' satisfaction as a core condition, with high levels of control strength as a peripheral. The second configuration is described by high levels of owners' satisfaction, low levels of stewardship strength, and low levels of employee size as core conditions.

**Table 2.**  
Fuzzy-Set Qualitative Comparative Analysis (fsQCA) Results for Firm Performance Configurations.

Model B		Firm Performance		~Firm Performance		
		1	2	1	2	3
F_Em	Employee Size	●	○	○	○	●
F_Q14	Control Strength	▲		▲	▲	▲
F_Q234	Stewardship Strength		○	●		○
F_Q5	Owner's satisfactory	○	●		○	●
	Consistency	0.985	0.843	0.988	0.949	0.897
	Raw Coverage	0.371	0.413	0.446	0.221	0.233
	Unique Coverage	0.298	0.34	0.308	0.078	0.138
	Solution Consistency	0.902		0.945		
	Solution Coverage	0.711		0.666		

**Note:** ●○ Core condition      ●: Presence (high levels);○: absence (low levels)  
 ▲▽ Peripheral      ▲: Presence (high levels);▽: absence (low levels)

In addition, the results also highlight the existence of three configurations leading to low levels of Firm Performance. The first configuration is characterized by low levels of Employee Size and high levels of Stewardship Strength as core conditions, with high levels of Control Strength as a peripheral. The second is characterized by low levels of Employee Size and Owner's satisfaction as a core condition, with high levels of Control Strength as a peripheral. The third is characterized by high levels of Employee Size and Owner's satisfaction, low levels of Stewardship Strength as a core condition, with high levels of Control Strength as a peripheral.

## 5. Findings

In the first place, written regulations and guidelines should be developed by overseas Chinese family businesses to clearly differentiate between the roles and responsibilities of family management and non-family managers. There is a possibility that misunderstandings will arise as the firm becomes more complicated, despite the fact that the current division of authority performs reasonably well on an informal basis. In order to improve accountability and transparency for all parties involved, putting expectations in writing is strongly recommended. A greater alignment of the interests of managers with the objectives of the organization can be achieved by directly linking incentive structures to preset measurements.

In the second place, increasing the number of independent members on the board makes it possible to incorporate a wider variety of perspectives into the process of making high-level decisions. Given that they are publicly traded, overseas Chinese family businesses are required to take into account the interests of public shareholders in addition to those of the Lim family, who control the company. Independent directors who are not connected to the family can provide the objectivity necessary to strike a balance between the priorities of the family. A further factor that contributes to the board's professionalization is their knowledge of a variety of roles.

## 6. Discussion

There is some evidence that the propositions presented on page 33 are supported by the findings. As a result of the cultural focus placed on family and the long-term orientation, the first study proposition suggested that overseas Chinese family businesses would be more likely to align with the stewardship model. The fact that a larger size and the satisfaction of the owner were essential requirements for stewardship provided credence for this hypothesis. With that being said, the fact that there is a negative correlation between stewardship and performance calls for additional research into the ways in which philosophy is translated financially.

In relation to the second research proposition, the data did indicate configurations that involve communication and trust using indicators such as owner satisfaction. It was not clearly investigated whether there were differences in management styles. Furthermore, the third study proposition concerning the utilization of incentives was not explicitly evaluated because the model did not incorporate procedures for the implementation of incentives. The results of additional research that considers the specific regulations and practices that pertain to rewards and motivation would provide additional information.



Taking everything into consideration, the intricate configurations highlight the importance of a configurational approach that goes beyond fundamental ideas. This underscores how striking a balance between modern governance and traditional values drives the outcomes of Chinese family firms in Southeast Asia. The importance of professionalization and ongoing family involvement further emphasizes this point.

## 7. Conclusion

We have made great progress in our understanding of the governance frameworks utilized by overseas Chinese family enterprises headquartered in Southeast Asia because of this research. According to the findings, there are a few complex combinations of components that are responsible for the results of stewardship and performance. In particular, the participation of family members and the initiation of employment were found to be essential criteria.

Furthermore, this research contributes several key theoretical and practical advancements to the understanding of governance systems among overseas Chinese family enterprises in Southeast Asian countries. These advancements are both theoretical and practical in nature.

### 7.1. Limitations

However, there are some limitations to acknowledge. First, the sample size was relatively small and focused only on certain countries. Expanding the scope to cover more family businesses across a wider range of Southeast Asian economies could provide greater insight [15].

### 7.2. Recommendations

The findings of this study enable the formulation of several suggestions that Chinese family businesses operating overseas in Southeast Asian countries should consider. Invest in professionalization by establishing governance structures, such as boards of directors, that include independent members.

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## Appendix I

The Basic Information of the Company

1. Name:
2. Revenue:
3. location:
4. Product:
5. Employee:
6. Business model:

### SEMI-STRUCTURED INTERVIEWER QUESTIONNAIRES

Question 1: Business Structure of the Governance of Sample Company

- 1.1 What is the Decision-Making Process within Your Family Business (or the Family Business You are Working in)
- 1.2 How are the Roles and Responsibilities of Family Members and Non-Family Members Defined?
- 1.3 CEO Status (Multiple Choice):
  - a) Is CEO a family member or a non-family member?
  - b) Is CEO Chinese or non-Chinese?
  - c) Is CEO a first-time CEO (0-year experience), junior CEO (1-3 years), seasoned
  - d) CEO (more than 3 years)
- 1.4 Board Structure (Single Choice)
  - a) The family business single-owner business
  - b) Family business has other non-family investors, but the family enjoys the majority of shares.
  - c) Family business has other non-family investors, and the family has minority shares but still runs the business.
  - d) Family business has other non-family investors, and the family has minority shares. The CEO is appointed by the consensus of all major investors.

Question 2: The Default Model of Stewardship/Agency

- a) The default model is stewardship, as the CEO was appointed.
- b) The default model is agency as CEO was appointed.

Question 3: The CEO's Behavior Pattern after Appointed.

- a) The CEO showed stewardship behavior.
- b) The CEO showed agency behavior.
- c) The CEO showed hybrid behavior.

Question 4: Current Governance Model and Mechanism

- 4.1. How would you define the governance model of this family business?  
(Stewardship/Agency/Hybrid) Why?
- 4.2. What Metrics (KPIs) Do You Use? Measure the Manager's Performance?

4.3. Does the business owner's management structure align with the CEO's behavior?

- a) The business owner established a stewardship structure after observing the CEO's stewardship behavior pattern.
- b) The business owner establishes a stewardship structure after observing the CEO's agency behavior pattern.
- c) The business owner establishes an agency structure after observing the CEO's stewardship behavior pattern.
- d) The business owner establishes an agency structure after observing the CEO's agency behavior pattern.
- e) The business owner establishes a hybrid structure after observing the CEO's hybrid behavior pattern.

Question 5. Owner's Satisfactory with the Governance Model

(Choose one question based on the respondent's position: Principal or CEP)

5.1 How do you evaluate the effectiveness of the current governance model?

(This question is for the business owner or board members)

Sat1(Principal) Satisfaction Level to Governance Model.

Likert Scale: 1. Very Dissatisfactory, 2. A little bit dissatisfactory, 3. Neutral, 4. A little bit Satisfactory, 5. Very Satisfactory;

or

5.2. How Do You Evaluate the Effectiveness of the Current Governance Model?

(This question is for the CEO/CFO/CTO or VP).

Sat2(Agent) 1 Satisfaction Level.

Likert Scale: 1. Very Dissatisfactory, 2. A little bit dissatisfactory, 3. Neutral, 4. A little bit Satisfactory, 5. Very Satisfactory;

Question 6: Firm Performance

6.1 The Board is Satisfied with the Firm's Performance under the Current Governance Model. (Question for the principal)

Sat3(Agent)1 satisfaction level.

Likert Scale: 1. Very Dissatisfactory, 2. A little bit dissatisfactory, 3. Neutral, 4. A little bit Satisfactory, 5. Very Satisfactory;

or

6.2. The CEO/VP's Satisfaction with the Firm's Performance under the Current Governance Model.

(This question is for CEO/CFO/CTO/VP)

Sat3(Agent)1 satisfaction level.

Likert Scale: 1. Very Dissatisfactory, 2. A little bit dissatisfactory, 3. Neutral, 4. A little bit Satisfactory, 5. Very Satisfactory.

Question 7: Expectation of the ideal model of governance

7.1. Based on Your Review of the Effectiveness of the Current Governance Model,

What Governance Structure (Agent or Stewardship) might Work Well for Your Company?

Why and How? (The question is for the board members or the President);

or

7.2. Based on Your Review of the Effectiveness of the Current Governance Model,

What governance structure (agent or stewardship) works well for your company?

Why and how? (The question is for the CEO/CFO/CTO or VP).