Financial Performance of Founder-Managed and Professionally-Managed SMEs: An Empirical Investigation of Lao Trading Firms

Xayphone KONGMANILA
Ph. D. student, Graduate School for International Development and Cooperation, Hiroshima University,
1-5-1 Kagamiyama, Higashi-Hiroshima, Hiroshima, 739-8529, Japan
Phone: +81-80-6312-4709 / e-mail: kxayphone@hiroshima-u.ac.jp

Tatsuo KIMBARA
Dean, Professor, Graduate School for International Development and Cooperation, Hiroshima University,
1-5-1 Kagamiyama, Higashi-Hiroshima, Hiroshima, 739-8529, Japan
Phone: +81-824-24-6918 / e-mail: kinbara@hiroshima-u.ac.jp

Abstract

We examined a sample of 146 trading SMEs in Lao PDR, to address two important research hypotheses: (1) there is a direct relationship between managerial types and firm's financial performance; and (2) the relationship between managerial types and firm's financial performance also depends on size of firm. Using MANOVA method to prove defined evidence, we find that there is no distinction between founder-CEO and professional-CEO on the financial performance. Instead, we argue that the relationship between these variables depend upon the firm size. In addition, we provide the threshold point of financial performance according with firm size change for founder-managed trading SMEs in Lao PDR.

1. Introduction

The role of chief executive officers (CEOs) as firm leader has been an interesting research topic in management studies for the last three decades. Many scholars have investigated the role of founder-CEO and professional-CEO as the driver which leads the corporation to achieve the goal (financial performance) in developed countries (Deeks, 1973; Birley and Norburn, 1987; Begley and Boyd, 1987; Dyer, 1986; Jame, 1999; Kang, 1998; Mishra et al., 2001; Gomeze-Mejia et al., 2001; Thomsen and Pedersen, 2000; Begley 1995; Daily and Dalton, 1992; Willard et al., 1992; Jayaraman et al., 2000). Accordingly, these studies have shown the diverse results in which types of CEOs are better.

Some studies postulated that firms managed by founder-CEO tend to have higher performance, compared to professionally-managed firms (McEachern, 1978; Jame, 1999; Kang, 1998; Mishra et al., 2001). On the contrary, others argued that on average, firms managed by professional-CEO exhibit higher performance than founder-CEO managed firms. In addition, several academic observers mentioned that founder-managed and professionally-managed firms do not have direct impact on the performance (Flamholtz, 1986; Jayaraman et al., 2000; Willard et al., 1992). Instead, they argued that firm size is important factor that strengthens the relationship between management structure[1] and firm performance.

Although many previous studies have given a close look at these issues, they failed to investigate relationship between the role of founder-CEO versus professional-CEO and the firm's financial performance in developing countries, specifically in the Lao PDR. Therefore, this study aims to fill this gap and explore the issue in developing countries context (in the case of Lao PDR). In addition, how firm size as the contingent factor strengthens the relationship between management structure and financial performance in developing countries context will also be investigated.

This article is organized as follows. The next section provides a literature review and further develops the hypotheses. The third section explains the research methods and variable measurement. The fourth section provides the detail of analysis results. The fifth section comprehends discussions and the conclusion is addressed in last section.

2. Literature Review and Hypothesis Development

2.1 The effect of founder and professional management in financial performance

The founders' and professional managers' role is a central topic of interest for management studies. A previous study has noted the distinction between founder and professional management to be a critical variable in organizational research (Deeks, 1973). Some researchers (Birley and Norburn, 1987; Begley and Boyd, 1987) have stressed in literature that the evidence of distinguishing the owner from the non-founder manager and the founder from non-founder even among the owners. Partly, these distinctions are important issues because founders prefer to make management decisions that significantly differ from their successors (Dyer, 1986). Moreover, a number of previous studies have found that founder-managed firms provide a special kind of corporate governance that offers lower agency costs and higher performance, compared with other types of firms (James, 1999; Kang, 1998; Mishra et al., 2001).

As far as the founder management versus professional management distinction's impact on performance is concerned, although many studies have investigated the relationship between two, the evidence remained unclear whether which one is better in terms of performance. Some studies indicate that entrepreneurial and founder-managed firms are more exposed to managerial entrenchment and therefore potentially associated with weaker performance (Gomeze-Mejia et al., 2001; Thomsen and Pedersen, 2000). However, Herrmann and Franke (2002) compared performance of "foundation-owned firms"[2] and listed corporations[3] in Germany. Their empirical finding showed slightly better performance of foundation-owned firms compared to listed corporations. They postulated that founder-owned firms display higher performance not only in terms of profitability, but also in terms of labor intensity.

There also have been studies that discussed different impacts with regard to different types of performance indicators (growth and profitability). Holl (1975) argued that on average, professionally-managed firms will exhibit higher growth rate and lower profit rates than founder-managed firms. Consistently, recently researchers (Kotey and Slade, 2005; Xayphone, 2006) concluded that professionally-managed firms are interested in performance in terms of growth more than profitability. In contrast, McEachern (1978) pointed out that professional management prefers profit maximization more than founder management who opt for non-pecuniary benefits. He also noted that founder-managed firms tended to retain more earnings and accept more stock market risk than professionally-managed firm.

Some previous studies regarding founder-managed versus professionally-managed SMEs reveal inconsistent results (Begley 1995; Dalton and Daily, 1992; Willard et al., 1992; Jayaraman et al., 2000). Some authors found no differences in financial performance between founder-managed and professionally-managed firms. In General, it is possible that founder-managed firms are not different from professionally-managed firms in terms of financial performance. On the contrary, as far as SMEs is concerned, organizational structure of SMEs is very simple, compared to larger firms. Thus, founder-managed firm requires lower agency cost. Accordingly, SMEs managed by founder-CEO should outperform SMEs managed by professional-CEO.

Although several studies already investigated these issues, a few researches have been conducted in developing countries. Tsai, et al. (2006) investigated the difference between ownership-controlled firms and listed companies (non-ownership controlled) over the period 1998-2002 in Taiwan. They documented that founder-CEOs already have sufficient motivation and thus there is less need for dismissal. Recent empirical studies of managerial ownership and firm performance show the consistent results. Kim et al. (2004) investigated the relationship between ownership and operating performance in Thailand. They pointed out that owner CEOs and other type of managers behave similar. However, they further argued that firm performance of newly listed Thai firms tend to decline. Similarly, Li, D. et al. (2007) observed managerial ownership and firm performance (ROA and ROS) in China's privatization. They postulate that CEO ownership promote firm performance with statistically significant at the 5% level or better. On the other hand, other type of CEO appears to experience a large decline in firm performance.

Based on preceding arguments, it is very interesting to further debate, particularly the case of developing country (Lao PDR) and trading SMEs. Basically we understand the arguments made by previous studies can be applied to the case in this study, because differences in characteristics between founder-managed and professionally-managed can be generally said to exit in similar ways. Therefore, we expect that relationship between managerial types (founder-managed versus professionally-managed) and firm financial performance would exist in our sample firms.

For instance, founders may be generally superior CEOs because they highly value their reputational stake in the firm and thus, exert a greater effort than that professional-CEOs entail for firm success. Founders also tend to own a significant fraction of their firm's equity. Significant equity ownership on the part of corporate managers can serve as an effective mechanism for reducing principal-agent conflicts of interest (Jayaraman et al. 2000). Specifically, because of founders' personal fortunes are often tied to those of their firms; founder-CEO is perhaps especially likely to work diligently and invest in developing their managerial skills. By the effect of this condition, founder-CEO could realize superior financial performance (Jayaraman et al. 2000). In addition, founder-CEO tends to create businesses in industries where they have managerial experience, and this experience may give founder-CEO perform advanced over professional-CEO (Duchesneau and Gartner, 1990).

In the case of Lao PDR context, especially trading firms have simple organization structures. Many previous studies on Lao SMEs revealed that owner/manager is the important factor that affects firm's financial performance. Dyer and Webster (1997) pointed out that performance of firms in Lao PDR considerably depends on the characteristic which owner/manager has. Similarly, GRID 2004 reported the role of entrepreneurs in accessing to financial sources and markets is important determinant that affects performance of small firms. Moreover, recent study stated that ownership types and management styles play an important role to strengthen the relationship between financial sources and performance of SMEs in Lao PDR (Xayphone and Kimbara, 2007)

According to the above discussions, we further hypothesize that:

H_1: The relationship between managerial types and firm's financial performance is statistically significant

and positive in SMEs.

We measure managerial types as dichotomy variable: 1 is founder-managed firm and 0 as professionally-managed firm. The coefficient is statistically significant and positive implies founder-managed firm has higher financial performance than professionally-managed firm.

2.2 The impact of firm size on the financial performance of founder-managed versus professionally-managed firms

The preceding arguments about the direction of potential effect of founder-CEO versus nonfounder-CEO on firm's financial performance are mixed. Fortunately, the preceding evidence based on life cycle theory indicates the necessity of clarifying the firm's conditions under which CEO has influence on firm performance.

Many academic observers (Flamholtz, 1986; Whisler, 1988; Alcorn, 1982; Barnes and Hershon, 1976; Dyer, 1986; Jayaraman et al. 2000; Dalton and Daily, 1992) have already investigated the condition that distinguished founder-CEO and professional-CEO effect on firm performance. They posited that the relationship between founder-managed and professionally-managed firm is contingent upon firm size. However, empirical studies provide the diversification of results. Jayaraman et al. (2000) postulate that founder-CEO has more positive impact on firm performance among smaller firms. On the other hand, Daily and Dalton (1992) suggest there is no interactive effect between management structure and firm size on firm performance. They argue that this does not mean, however, firm size itself is not an important indicator. Instead, they conclude that empirical results suggest strong evidence that the larger firms enjoy a higher level of financial performance.

Based on the previous evidence, it is very hard to conclude whether founder-CEO outperforms professional-CEO among smaller or larger firms. Several studies suggest that when firms become larger with their sales at some levels, the organization's structure becomes more complex, then transition from entrepreneurial to professional management is necessary. At the point, firm's survival is contingent upon the successful transition from entrepreneurial to professional management (Alcorn, 1982; Barnes and Hershon, 1976; Dyer, 1986). For larger firms, however, founder management was associated with poor firm performance (Jayaraman et al., 2000). Then, as Whisler (1988) pointed out, when a firm reached the threshold point, the founder must begin to yield control of operations to other managers and subordinates.

Therefore, antecedents of contingency theory suggest that organization size is the contingence factor to link the relationship between structure and performance. Aston Group (Pugh et al., 1969) stated that structure was more dependent upon size than technology. In turn, Aldrich (1972) questioned the Aston Group's methods for not codifying their arguments in order to make clear the hypothesized pattern of the relationship between multi-variant variables and for accepting size, structure and technology as equally important element over time. Later, the other study supported the results of the Aston Group, but they argued that changes in structure are not simply the result of technology advance (Blau et al, 1976). Even though, these literature are not directly related to our paper, but we could not neglect to review these antecedents in terms of contingency theory because we would discuss the importance of firm size as contingency factor that influence the relationship between management structure (founder-managed versus professionally-managed) on the financial performance from now on.

Although Daily and Dalton (1992) stated that there is no one pattern of transition which is appropriate for all firms, researchers tried to investigate them empirically.

Flamholtz (1986), an antecedent who pointed out the need for a transition from entrepreneurial to professional management, argued that US$10 million in sales marks a typical point where transition is necessary. He also suggested that founder-CEO, as compared to professional manager, does not directly affect the firm's financial performance. In his argument, the important factor for determining the performance is firm size. He claimed that firms with sales of US$10 million or less will achieve higher levels of performance if the founder manages the firm, and firms with sales exceeding US$10 million will perform better if managed by professionals. He further emphasized that there will be negative effect on the financial performance, when founder managers continue to control the firm with sales exceeding US$10 million.

Montoya et al. (1993) concluded that the threshold or transition point occurs when sales range between US$1.5 and 2 million. Early researchers revealed that founder-CEO contributed to firm performance in firms with market capitalization values of less than US$718.38 million (Jayaraman et al., 2000).

Therefore, to the transition point in terms of firm size seems to exist but to be so complex that we cannot conclude which size is more probable than others. Its transition point should be depending on the country context, industry, and other environments, especially in term of firm size, we assure that smaller firms should have transition point fewer than the larger ones. Specifically, as far as the case of Lao PDR is concerned, we expect that founder-CEO outperform professional-CEO firms and the transition point of trading firms in Lao PDR should be different from those stated in literatures. Thus, they need further debate; we develop our second hypothesis as follows:

H_2: The relationship between managerial types and firm's financial performance depends on size of firm (the interaction term between managerial types and firm size is positively significant)

We measure firm size in terms of average annual sales. That firm size is statistically significant and positive means that larger SMEs outperform the smaller ones. The interaction term between managerial types and firm size is positively significant implies that larger SMEs managed by founder-CEO tend to have higher financial performance than the smaller ones.

3. Methods

3.1 Sample

The sample of this article comprised of SMEs selected from the list of Vientiane Capital City Tax Office, Lao PDR. The definition of SMEs in Lao PDR has been changed from time to time (Xayphone, 2006). This study employs the definition of SMEs based on the Decree 42/PM of Lao PDR. It defined SMEs as independent enterprises that legally registered and operate according to prevailing laws of the Lao PDR. SMEs in Lao PDR are defined according to the following conditions: i) Small enterprises have annual average number of employees not exceeding 19 persons[4] or total assets not exceeding 250 million Kip or an annual turnover not exceeding 400 million Kip; ii) Medium-sized enterprises have annual average number of employees not exceeding 99 persons or total assets not exceeding 1,200 million Kip or an annual turnover not exceeding 1,000 million Kip. For this study, the size criterion was based on average annual sales for a three-year period (2002-2004). The sample comprised of all trading firms (*n*=146) that met these criteria.

To obtain the information of all firms, we have collected data from Vientiane Capital City Tax Office during August of 2005. The firm's annual reports in each year from 2002 to 2004, including balance sheet and profit and loss sheet, were collected by a researcher and five undergraduate students of Faculty of Economics and Business Management, National University of Laos. In addition, firm's profiles recorded as the database of Vientiane Capital City Tax Office were also collected.

3.2 Dependent variables

There is no argument on what constitutes an appropriate set of dependent variables to define corporate performance (Chakravarthy, 1986). Several researchers have pointed out it is unlikely that any one indicator could accurately capture performance. They have suggested using multiple indicators of performance (Capon et al., 1988; Cochran and Wood, 1984; Maupin, 1987; Shortell and Zajac, 1988).

Even though several measures could reasonably serve as indicators of corporate performance, Cochran and Wood (1984) have pointed out that performance measures fall into two broad classifications: investor return and accounting measures. Consequently, both should be included in an examination of corporate performance. However, recently many researchers prefer to use accounting measures for defining the firm performance (Hashim, 2000; Pelham and Lieb, 2004; Silva, 2005; Xayphone, 2006). Accordingly, this study employed three common indices of firm performance (return on equity: ROE; return on asset: ROA and return on sales; ROS) and represent accounting measures classification. We obtained these variables from balance sheet and profit and loss sheet of each firm through 2002-2004 period.

Our analyses rely on statistical methods that can simultaneously assess the impact of the independent variables on the set of three measures. Accordingly, we rely on Multivariate Analysis of Variance (MANOVA), because our dependent variables are nominal and the dependent variables have correlation with each others (Kanya, 2003).

3.3 Independent variables

We measure founder as binary-either the current CEO is the founder of firm or not. We observe that firms' ages of our sample are very young. (max. is 16 years, min. is 3 years, and average age is 7 years). Therefore, it is reasonable to note that owner managed firms are at the first generation (founder, owner and manager is the same person). This information was collected through database of Vientiane Capital City Tax Office. We determine firm size as unweighted average of the three years[5] of the firm's sales[6].

4. Analysis

4.1 The characteristics of founder-managed and professionally-managed firms

Table 1 illustrates descriptive data for the sample of founder-managed and professionally-managed firms, including data on firm size and financial performance (ROE, ROA and ROS). It reveals that the founder-managed firms tend to be smaller, on average, than professionally-managed firms. In terms of financial performance, average ROE of founder-managed firms tend to be higher than professionally-managed firms. In contrast, the average value of ROS of founder-managed is fewer than that of professionally-managed firms. However, table 1 provides the similar average value of ROA of both founder-managed and professional-managed firms.

In figure 1, we classify the sample of both founder-managed and professionally-managed firms by firm size (average annual sales). The sample of founder-managed firms is bigger than professionally-managed firms. The majority of both sample firms is in range of US$10,000 to US$99, 999, which is classified as small firms.

Table 1. Descriptive statistics for founder-managed and professionally-managed firms.

	Founder-managed				Professionally-managed			
	Mean	S.D.	Min.	Max.	Mean	S.D.	Min.	Max.
Firm size*	147.86	246.31	1.27	968.29	189.19	256.27	4.37	982.34
ROE**	89.62	313.32	-845.36	2,547.23	73.08	275.55	-451.95	1,927.8
ROA**	35.82	65.62	-115.89	422.75	35.16	59.92	-93.71	224.46
ROS**	15.03	75.31	-473.56	78.58	21.73	36.46	-98.71	76.40

Note: * unit is US$10,000, and ** unit is per cent

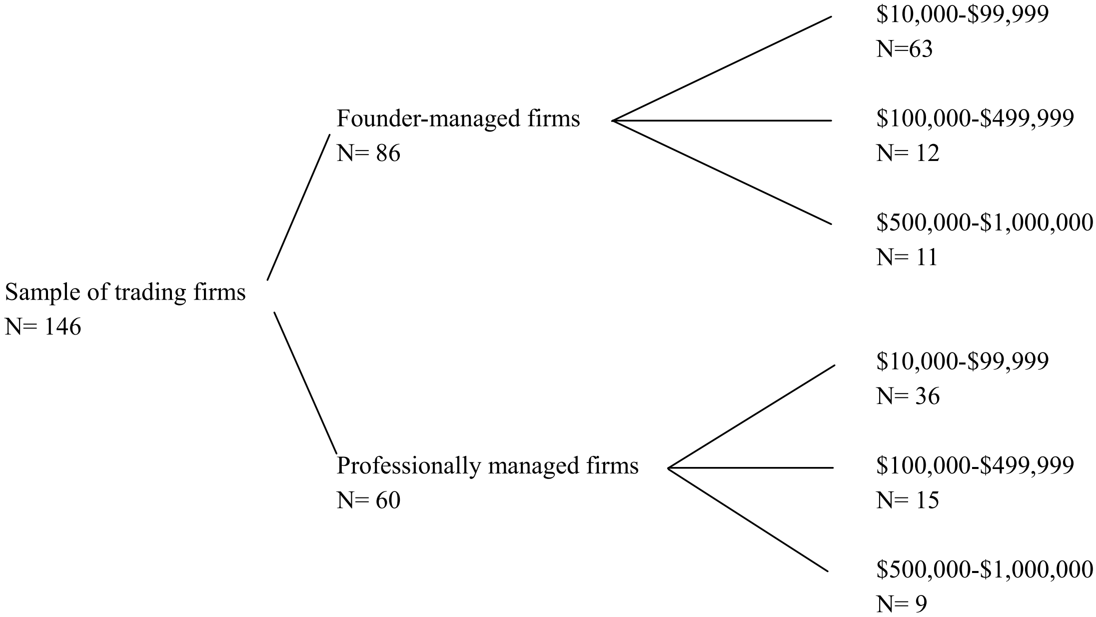


Figure 1. A classification of the sample of trading firms by managerial types and firm size (average annual sales)

4.2 Financial performance comparisons of founder-managed versus professionally-managed firms

Both hypotheses are focused on the firm level of analysis and consider the differences between founder-managed and professionally-managed firms. The first, we hypothesized that there will be a difference between founder-managed and professionally-managed firms (founder-managed firms outperform professionally-managed firms) on the financial performance. Results indicate that no financial performance differences can be gained for a SME based on this managerial type distinction.

Table 2 illustrates a MANOVA (F=0.15, not significant), which assesses the impact of the independent variable (managerial types) on the three dependent variables, simultaneously. We observed that table 2 does not indicate any statistically significant multivariate relationship for the founder and professional management distinction. Thus, based on an empirical result, the hypothesis H_1 was not supported.

Table 2. MANOVA- Founder versus professional management distinction and firm performance

Multivariate Test of Significance					
Dependent Variable	**Test**	**F**	**df**	**Error df**	**Significance**
Multivariate	Wilks	0.15	3	144	0.89
Multivariate Tests of Significance					
Dependent Variable	**Test**	**F**	**df**	**Error df**	**Significance**
ROE	Wilks	0.10	1	144	0.74
ROA	Wilks	0.00	1	144	0.95
ROS	Wilks	0.40	1	144	0.52

The second hypothesis relies on the relationship of founder-and professionally-managed firms to the financial performance would be contingent on firm size. Results confirm that firm size matters. Firm size is important factor that strengthens the relationship between founder-managed and professionally-managed firms and financial performance. The multivariate test of significance (see table 3) suggests there are statistically significant relationships between firm size and financial performance, as well as between "interactive effect between managerial types and firm size" and financial performance (F=5.08; F=4.81, $p<0.001$; $p<0.003$, respectively). This means that firm size is an important indicator. Table 3 suggests strong evidence that large firms enjoy a higher level of financial performance. Interestingly, results also indicate that larger firm managed by founder has higher financial performance than smaller ones. Therefore, our empirical results supported hypothesis H_2.

Table 3. MANOVA- Founder versus professional management distinction by firm size interaction with firm performance

Multivariate Effects	**Test**	**F**	**df**	**Error df**	**Significance**
Managerial Type	Wilks	0.40	3	140	0.69
Firm Size	Wilks	5.08	3	140	0.00
Managerial Type x Firm Size Interaction	Wilks	4.81	3	140	0.00

5. Discussion

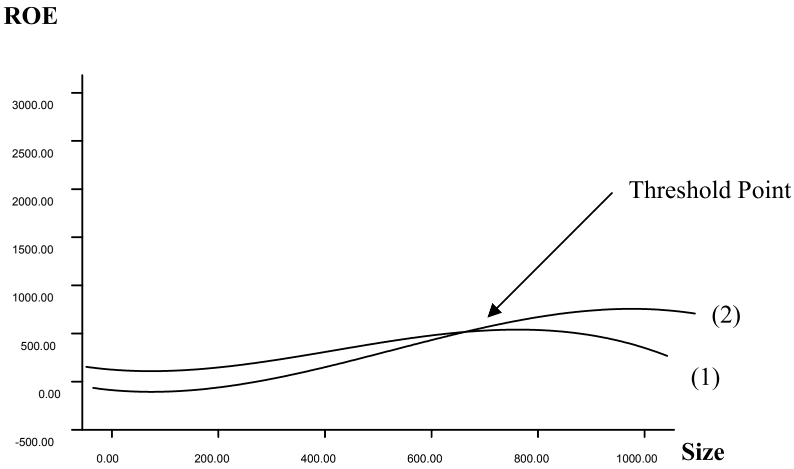
Results of this paper do not distinguish the financial performance of trading SMEs based on founder and professional management. Financial performance is not higher when the founder remained manager, compared to a professional manager holding the position. The relationship between management types and financial performance might be more complex than it has been implied. Generally speaking, it is possible to say that founders do not differ from professional managers, particularly with regard to their ability to successfully manage a corporation for the long term. Certainly, it is possible to note that entrepreneurs can learn and change over time as same as professional managers can do. Moreover, in practice it often occurs that professional manager of SMEs will be under-controlled of owner.

As concerning with firm size, results of this study provide strong evidence of the relationship between firm size and financial performance of Lao trading SMEs. Financial performance is significantly different according with the size of SMEs. Our empirical results confirmed that larger SMEs have better financial performance than the smaller ones. Obviously, larger SMEs should have better opportunity to access markets, sources of fund and other credit from suppliers than smaller SMEs. Specifically, for this study we measure firm size by average annual sales, thus SMEs with higher sales should have higher profit than SMEs with lesser sales. Therefore, it is reasonable that size of SMEs play an important role in improving the financial performance.

Finally, we found that the interaction between firm size and managerial types (founder-managed and professionally-managed firms) has relationship with the financial performance. Based on this, we need to interpret that larger SMEs managed by founder have higher financial performance than smaller SMEs. The results of this paper suggest that financial performance is effective when the larger SMEs remained founder CEO, compared to smaller SMEs that are also controlled by owner.

However, as previous studies suggested, the threshold point of financial performance with regards to firm size might exist. Here it is possible to suggest that SMEs controlled by founder will have the highest financial performance, when their size is nearly reached threshold point[7]. On the contrary, if the size of SMEs is growing enough but they remained with its founder as CEO, their financial performance will be reduced. This implies that when SMEs reach the threshold point but founder remained holding the CEO position, it might have negative impact on firm financial performance.

In addition, to support our argument we compared the financial performance of founder-CEO and professional-CEO by classifying by size in terms of average annual sales for three years[8]. The results show larger founder-managed SMEs outperformed the smaller ones. Consistently, the comparison between larger SMEs that managed by founder and managed by professional manager, we observed that SMEs managed by professional-CEO perform better than SMEs managed by founder-CEO in the large volume of sales[9]. Thus, we argue that annual sales of \$500,000-\$700,000 are the transition point of trading SMEs in the Lao PDR. Moreover, we also found the statistically significant ($p<0.001$) in our curve estimation model[10] of these range. Figure 2 provides the curve estimation of firm size (sales) with ROE of founder-managed and professionally-managed firms. The ROE of founder-managed firms tend to increase with firm size until certain level of US\$700,000. If firm size is larger than this level, ROE tends to decline. On the other hand, ROE of professionally-managed firms show the direction of increasing throughout this point[11]. We also investigated the relationship of firm size and others financial performance (ROA and ROS) as the same procedure as ROE. The results confirmed that the sales level of US\$ 500,000 and US\$ 600,000 are threshold points for ROA and ROS, respectively.



(1) Founder-managed firm; (2) Professionally managed firms

Figure 2. Curve estimation of founder-managed and professionally managed firms

6. Conclusion

In this article we addressed two main hypotheses. One involves the direct relationship between managerial types (founder-managed or professionally-managed firms) and financial performance. The other is the relationship between managerial types and the firm's financial performance depends upon the size of firm. We pointed out that the distinction between founder-managed and professionally-managed firms on the financial performance does not exist. In fact, the relationship between managerial types and the firm's financial performance depends upon the firm size. As a result, we confirmed that larger firms managed by founder outperformed the smaller ones to a certain level. However, when reaching to that level, then they need to transfer from founder CEO management to professional management.

Based on the evidence of the specific case (Lao trading SMEs), we need to interpret that when SMEs have annual sales range between US$ 500,000 to US$ 700,000, they should prepare to transfer managerial types from founder-CEO to professional management. Accordingly, we far reach implication for owner-manager of Lao trading SMEs that the annual sales of US$ 500,000-US$ 700,000 are the threshold point for transition. Thus, in this sales level founder-CEO should take it into account and decide whether the organization should be left to professional manager or controlled by founder with consciously changing their behaviors like professionals, although it doesn't generally seem to be easy, judging from our empirical results.

Notes

(1) Founder-CEO versus professional-CEO.
(2) The firms which founder keep ownership and management.
(3) These authors mean professionally-managed firms.
(4) We also defined SMEs based on the definition of United Nations Industrial Development Organization

(UNIDO) and Ministry of Industry and Handicraft (MIH), 2002: Small enterprises have average annual employees between 5-19 persons.
(5) 2002, 2003 and 2004.
(6) The inflation rates of the period 2002-2004 were 10.6%, 15.6% and 11.4%, respectively. The change of this inflation is not high "less than 50%". Approximate exchange rate of 2002-2004 is 8500 Kip/US$ (see World Bank, Lao Economic Monitor 2004). Therefore, it should not have strong bias with our calculation and results.
(7) Prepared to transfer from founder-managed to professionally-managed firms.
(8) 2002-2004.
(9) Sales of US$ 500,000-US$ 1,000,000.
(10) We also examined the transition point by using curve estimation model of founder-managed firms and compared to professionally-managed firms.
(11) We also examined firm size and financial performance (ROA and ROS) of professionally-managed firms through the same point as founder-managed firms. There are upward trends in financial performance through threshold level.

References

Adrich, H.E. (1972), Technology and organization structure: A reexamination of the finding of the Aston Group, Administrative Science Quarterly, 17(1), 26-43.

Alcorn, P. B. (1982), Success and survival in the family-owned business, New York, McGraw-Hill.

Barnes, L. B., and Hershon, S.A. (1976), Transferring power in the family business, Harvard Business Review, 54(4), 105-114.

Begley, T.M. (1995), Using founder status, age of firm, company growth rate as basis for distinguishing entrepreneurs from managers in small businesses, Journal of Business Venturing, 10, 249-263.

Begley, T. M. and Boyd, D. P. (1986), Executive and corporate correlates of financial performance in smaller firms, Journal of Small Business Management, 24(2), 8-15.

Birley, S. and Norburn, D. (1987), Owners and managers: the venture 100 versus the Fortune 500, Journal of Business Venturing, 2, 351-363.

Blau, P.M., Falbe, C.M., McKinley, W. and Tracy, P.K. (1976), Technology and organization in manufacturing, Administrative Science Quarterly, 21(1), 20-40.

Capon, N., et al. (1988), Corporate diversity and economic performance: the impact of market specialization, Strategic Management Journal, 9, 61-74.

Chakravarthy, B. S. (1986), Measuring strategic performance, Strategic Management Journal, 7, 437-458.

Clifford, D. K. (1973), Growth pains of the threshold company, Harvard Business Review, 61(5), 143-154.

Cochran, D. K., and Wood, R. A. (1984), Corporate Social Responsibility and Financial Performance, Academy of Management Journal, 27, 42-56.

Daily, C.M. and Dalton, D.R. (1992), Financial performance of founder-managed and professionally-managed small corporations, Journal of Small Business Management, 30, 25-34.

Deeks, J. (1973), The small firm asset or liability?, Journal of Management Studies, 10(1), 25-47.

Duchesneau, D.A. and Gartner, W.B. (1990), A profile of new venture success and failure in an emerging industry, Journal of Business Venturing, 5, 296-312.

Dyer, W. G. (1986), Cultural Change in Family Firms, San Francisco, Jossey-Bass.

Gomez-Mejia, L.R., et al. (2001), The role of family ties in agency contracts, Academy of Management Journal, 44, 81-95.

Dyer, P. and Webster, L. (1997), Survey of Medium and large Private Companies in the Lao PDR, Published by Mekong Project Development Facilities (MPDF).

Flamholtz, E. G. (1986), How to make the transition from an entrepreneurship to professionally managed firm, San Francisco, Jossey-Bass.

GRID (2004), Gender issues in micro and small enterprises in Lao PDR, Published by International Labor Organization (ILO).

Hashim, M.K. (2000), Business strategy and performance in Malaysian SMEs: A recent survey, Malaysian Management Review, 35(2), 1-10.

Herrmann, M. and Franke, G. (2002), Performance and policy of foundation-owned firms in Germany, European Financial Management, 8(3), 261-279.

Holl, P (1975), Effects of control type on the performance of the firm in the U.K., Journal of Industrial Economics, 23(4), 275-271.

James Jr., H.S. (1999), Owner as manager, extended horizons and the family firm, International Journal of the Economics of Business, 6(1), 41-55.

Jayaraman, N., et al. (2000), CEO founder status and firm financial performance, Strategic Management Journal, 21, 1215-1224.

Kang, D. (1998), The impact of ownership type on performance in public corporations: a study of the U.S. textile industry 1983-1992, Working Paper, Harvard Business School.

Kanya, W. (2003), SPSS for higher statistical analysis, Bangkok, Chulalongkorn University.

Kim, K., et al. (2004), Ownership and operating performance in an emerging market: evidence from Thai IPO firms, Journal of Corporate Finance, 10, 355-381.

Kotey, B & Slade, P (2005), Formal human resource management practices in small, growing firms, Journal of Small Business Management, 43 (1), 16-40.

Li, D., et al. (2007), Managerial ownership and firm performance: Evidence from China's Privatizations, Research in International Business and Finance, 30, 1-18.

Maupin, R. J. (1987), Financial and stock market variables as predictors of management Buyouts, Strategic Management Journal, 8, 319-327.

McEchern, W. (1978), Corporate control and growth: An alternative approaches, Journal of Industrial Economics, 26(3), 257-266.

Mishra, C., et al. (2001), The effect of founding family influence on firm value and corporate governance: a study of Norwegian firms, Journal of International Financial Management and Accounting, 12 (3), 235-259.

Montoya, M., et al. (1993), Getting over the brick wall with the marketing manager, Research at the Marketing/Entrepreneurship Interface, Chicago, Institute for Entrepreneurial Studies, 209-221.

Pelham, A. M., and Lieb, P. (2004), Differences between presidents' and sales managers' perceptions of the industry environment and firm strategy in small industrial firms: relationship to performance satisfaction, Journal of Small Business Management, 42(2), 174-189.

Pugh, D.S., Hickson, D.J., Hining, C.R. and Turner, C. (1969), The context of organization structure, Administrative Science Quarterly, 14(1), 91-114.

Silva, P. (2005), Do Motivation and equity ownership matter in board of directors' evaluation of CEO performance, Journal of Management Issues, 17 (3), 346-362.

Shortell, S. M., and Zajac, E. J. (1988), Internal corporate join venture: development processes and performance outcomes, Strategic Management Journal, 9, 527-542.

Thomsen, S., and Pedersen, T. (2000), Ownership structure and economic performance in the largest European companies, Strategic Management Journal, (21), 689-705.

Tsai, W-S., et al. (2006), CEO tenure in Taiwanese family and nonfamily firms: An agency theory perspective, Family Business Review, 19(1), 11-28.

Whisler, T. L. (1988), The role of the board in the threshold firm, Family Business Review, 1, 309-321.

Willard, G. E., et al. (1992), In order to grow, must the founder and non-founder managed high-growth manufacturing firms, Journal of Business Venturing, (7), 181-194.

Xayphone, K. (2006). Business traits, strategy and the performance of SMEs: An empirical analysis of Lao trading sector, Master Thesis, Hiroshima University.

Xayphone, K. and Kimbara, T. (2007), Corporate financing and performance of SMEs: The moderating effects of ownership types and management styles, Malaysian Management Review, 42(2), 119-133.