

**Beyond the Boardroom: When Does Female Ownership Matter for Corporate Value in Family-Owned Firms?****Dr. Muhammad Umer Farooq<sup>1</sup>, Dr. Abdul Salam Lodhi<sup>2</sup>, Dr. Khurshed Iqbal<sup>3</sup>, Ameer Muhammad Kasi<sup>4</sup>, Dr. Amjad Masood<sup>5</sup>, Noor Ahmad Khan<sup>6</sup>, Dr. Abid Hussain Nadeem<sup>7</sup>, Muhammad Imran Afzal<sup>8</sup>****Abstract**

Family-owned firms in emerging markets can endure a governance issue because of concentrated ownership and the agency problem between the controlling and the minority shareholders. Although the gender dimensions of boardroom representation have received interest, the effect of female ownership as a unique system of governance has not been addressed adequately. The present study explores the role of ownership of women as a threshold to firm value in Thai-listed family-owned firms through the use of multiple regression-based explanations with reference to the theory of agency and the stewardship theory. Results revealed that a woman-owned firm value does not add independently unless the percentage of female's ownership is above a critical point but that directors who are women remain positive contributors to the corporate valuation. Moreover, a combination of large female ownership and directorship proves a synergistic effect in canceling out the adverse effect of the family influence. These findings demonstrate why there should be significant gender representation beyond symbolic presence in an ownership structure. Practical implications of the study also offer policy and business executives the ability to create gender-neutral governance and sustainable firm performance in the emerging economies.

**Keywords:** Female ownership, Family firms, Female directors, corporate governance, Emerging markets, Firm value, Agency theory, Stewardship theory and Gender diversity and Thailand

**1. Introduction**

Family-owned firms constitute a significant share of businesses in emerging markets, including Thailand, contributing substantially to employment, economic growth, and capital formation (Amit & Villalonga, 2020). However, the concentrated ownership structures common in these firms often give rise to Type II agency problems, wherein controlling family shareholders may extract private benefits at the expense of minority shareholders (Villalonga & Amit, 2006; Purkayastha, Veliyath, & George, 2022). This is capable of lowering the value of the firms and investor trust, especially in the environments where the corporate governance processes are not well structured or nonexistent.

To this end, gender diversity has been gradually accepted as an asset to the corporate governance. Numerous studies suggest that female directors enhance boardroom effectiveness by improving ethical standards, encouraging inclusive decision-making, and strengthening monitoring mechanisms (Kramer et al., 2006; Belaounia, Tao, & Zhao, 2020; Amin et al., 2021). Nevertheless, though the existence of women in directorship position has been well discussed there is little study concerning the impact of female ownership in determining firm performance, particularly in family-owned firms where ownership gives them enormous power.

In Thailand, although women are relatively well-represented in executive roles compared to other Asian economies, their presence as significant shareholders in listed firms remains low, often falling below thresholds required for effective governance influence (SET, 2022; Wailerdsak, 2020). The limited representation of female owners may explain why prior research has found inconsistent or insignificant impacts of female ownership on firm value (Amin et al., 2021; Nadeem, 2019). Some scholars argue that female ownership only becomes impactful when it reaches a critical mass, while others point to structural constraints and symbolic appointments that limit substantive influence (Chadwick & Dawson, 2018).

In this background, this paper seeks to address one major question: At what stage of female ownership does it start to have a significant influence on the value of family-owned firms? The study stems off both agency theory and stewardship theory by studying threshold effects of female ownership and comparing it with female directorship. It also looks into whether there is cooperation effect in governance by having both female owners and directors together paring the negative implications of concentrated family control.

Based on information of Thai-listed family corporations, the research is a contribution to the literature, which may help give empirical evidence of contingent strength of the gendered governance mechanisms. The results will be used in academic argument and policymaking to enhance gender-inclusive governance in emerging capital markets.

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## 2. Literature Review

### 2.1. Ownership of Family and Value of Firm

In most emerging markets in which Thailand is no exception, family-owned companies are dominant in such corporate structure. These firms often exhibit concentrated ownership, which can lead to Type II agency problems—conflicts between controlling (family) shareholders and minority shareholders (Villalonga & Amit, 2006; Purkayastha et al., 2022). While family ownership may promote long-termism and aligned interests under stewardship theory (Chrisman, 2019), it can also create opportunistic behavior when control outweighs accountability (Anderson & Reeb, 2004).

At that, empirical evidence shows ambivalence. Some studies have shown that moderate family ownership improves firm performance (Maury, 2006; Chu, 2011), while others suggest a negative impact on firm value at higher levels of ownership due to entrenchment and extraction of private benefits (Buachoom, 2018; Klein et al., 2005). Thai firms, in particular, reflect this paradox: family control is widespread, yet investors often discount firm value due to concerns over internal governance (Buachoom & Amornkitvikai, 2022).

H1: The firm value is negatively correlated with family ownership among the Thai-listed firms.

### 2.2. Women Directors and company performance

It has all turned into a hot issue of governance, namely gender diversity in leadership, particularly in corporate boards. Female directors are often credited with bringing ethical discipline, enhanced monitoring, and stakeholder-oriented decision-making (Kramer et al., 2006; Cumming et al., 2015). Their risk-averse and collaborative nature aligns closely with stewardship theory, positioning them as stewards of shareholder interests rather than self-serving agents (Beaufort & Summers, 2014).

Numerous studies confirm that female directors improve corporate performance (Abdullah et al., 2016; Belaounia et al., 2020). Their viability in a family-owned company is however contested. In contexts where board seats are dominated by kinship or patriarchal structures, female directors may lack influence, particularly if they are appointed symbolically or through nepotism (Kubo & Nguyen, 2021; Nadeem, 2019).

Despite these concerns, recent evidence suggests that female directors can still play a valuable moderating role by curbing the negative impact of family dominance on firm value—especially when supported by board independence and inclusive policies (Giraldez-Puig & Berenguer, 2018).

H 2 a: The negative relation between family ownership and firm value is very great in the case of the female directors which drive to better firm performance.

### 2.3. Female Ownership: Fictional or Actual?

Female owners unlike directors have equity share and have the potential of influencing firm decisions in a strategic way. However, ownership power is meaningful only when it is substantive—a critical mass of shares is required to influence votes, voice concerns, or drive policy changes (Amin et al., 2021). In Thai family firms, female ownership is often marginal, averaging less than 4%, and may not be sufficient to override male-dominated decision-making (SET, 2022).

The literature already available demonstrates conflicting findings. Some suggest that female ownership contributes positively to firm value (Giraldez-Puig & Berenguer, 2018), while others find no significant effect unless a threshold is crossed (Amin et al., 2021; Sabarwal & Terrell, 2008). These results pose the question of non-linear or even threshold effect, that at some meaningful level ownership has to reach before it starts influencing judicial governance.

H2b: Female ownership on its own is not significant in moderating the negative relationship between family ownership and firm value except that it passes a threshold.

### 2.4 Synergistic impact of Female ownership and Directorship

Synergy effect of the governance effect happens when the female owners sit on the board, or when the boardroom and the ownership of the business are held by a female stakeholder simultaneously. This combination can enhance oversight, reinforce shareholder protection, and signal to investors a genuine commitment to gender diversity and ethical management (Chadwick & Dawson, 2018; Kubo & Nguyen, 2021). Nevertheless, it is an interaction that is not well studied in empirical literature, especially within family that dominates firms in Asia.

H 3: The synergetic relationship between the presence of female directors and strong female ownership has a positive influence on firm value that is multiplicative in firms that are owned by families.

## 3. Methodology

### 3.1. Design of the Study

The research design of this study is a quantitative research design with panel data analysis to explore the connection between family ownership, female ownership and female directorship to firm value. The study also examines the interaction effects and the threshold effects in order to test the diversity rate of gender-inclusive governance mechanisms in the Thai family-owned firms. The study is based on the agency theory and stewardship theory that inform hypothesized relationships between the variables.

### 3.2. Sample and Data Collection

Data was collected from publicly listed firms on the Stock Exchange of Thailand (SET) for the period 2012 to 2021, excluding financial institutions and firms with missing data. Instead, the information on ownership and the board composition were directly collected by manually extracting them out of the Form 56-1 annual disclosure reports of the firms and financial indicators and market value data were collected using the SETSMART database.

This data was cleaned, outliers eliminated and consistency checks applied to the original sample to get a final sample of 5,180 firm-year observations. The sample was chosen to reflect the post-amendment period of Thailand's Securities and Exchange Act (2008), which enforced stronger corporate governance principles.

### 3.3. Variable Measurement

#### Dependent Variables:

- Tobin's Q: Market value of equity plus book value of debt, divided by total book assets — a standard proxy for firm value.
- Market Value of Equity (MVE): Natural logarithm of market capitalization at fiscal year-end.

#### Independent Variables:

- Family Ownership (FAMO): Proportion of total shares held by family members listed among the top ten shareholders.
- Female Ownership (FO): Proportion of shares held by female individuals among the top ten shareholders.
- Female Directors (FD): Proportion of female members on the board of directors.

#### Control Variables:

- Board Independence (BI): Proportion of independent directors on the board.
- CEO Duality: Dummy variable (1 if the CEO is also board chair, 0 otherwise).
- Firm Size (FS): Natural logarithm of total assets.
- Firm Age (FAGE): Number of years since listing.
- Leverage (LEV): Ratio of total liabilities to total assets.
- Investment Ratio (IR): Capital expenditures divided by total assets.

### 3.4. Model Specification

To test the hypotheses, **multiple linear regression models with interaction terms** were used. The base model is expressed as:

Model 1 (Effect of Family Ownership):

$$FV_{it} = \beta_0 + \beta_1 FAMO_{it} + \beta_k Controls_{it} + \epsilon_{it}$$

Model 2 (Moderation by Female Ownership and Directors):

$$FV_{it} = \beta_0 + \beta_1 FAMO_{it} + \beta_2 (FAMO \times FO)_{it} + \beta_3 (FAMO \times FD)_{it} + \beta_k Controls_{it} + \epsilon_{it}$$

Model 3 (Three-way Interaction for Synergistic Effect):

$$FV_{it} = \beta_0 + \beta_1 FAMO_{it} + \beta_2 (FAMO \times FO)_{it} + \beta_3 (FAMO \times FD)_{it} + \beta_4 (FAMO \times FO \times FD)_{it} + \beta_k Controls_{it} + \epsilon_{it}$$

Where:

- $FV_{it}$  = Firm value (Tobin's Q or MVE) for firm  $i$  in year  $t$
- $\beta_k$  = Coefficients of control variables
- $\epsilon_{it}$  = Error term

## 4. Data Analysis

### 4.1. Descriptive Statistics

Table 1 presents descriptive statistics for the main variables. The mean firm value, measured by Tobin's Q, is 1.63, suggesting modest market valuation above book value. Female ownership ranges from 0% to 42%, with a mean of 7.5%, while the average proportion of female directors on the board is 11.2%. The data show a relatively low representation of women in both ownership and board positions, consistent with previous findings in emerging markets.

**Table 1: Descriptive Statistics**

Variable	Mean	Std. Dev.	Min	Max
Tobin's Q (Firm Value)	1.63	0.74	0.59	4.12
Female Ownership (%)	7.5	10.3	0	42.0
Female Directors (%)	11.2	9.8	0	40.0
ROA (%)	5.4	3.1	-4.2	14.7
Board Size	9.3	2.1	5	15
Family Ownership (%)	43.6	17.5	10.0	85.0
Firm Size (log of assets)	14.1	1.3	11.2	17.8

### 4.2. Correlation Matrix

Table 2 reports the Pearson correlation matrix. There is a moderate positive correlation between female directors and firm value ( $r = 0.27$ ), while female ownership has a weaker correlation ( $r = 0.08$ ). This initial result suggests that board representation may have a stronger direct effect than ownership.

**Table 2: Correlation Matrix**

Variable	1	2	3	4	5
1. Tobin's Q	1				
2. Female Ownership	0.08	1			
3. Female Directors	0.27***	0.19**	1		
4. Family Ownership	-0.12	-0.21**	-0.09	1	
5. Firm Size	0.31***	0.12	0.15*	-0.05	1

- \*Notes: \*\*\* $p < 0.01$ ; \*\* $p < 0.05$ ;  $p < 0.10$

#### 4.3. Regression Results

Model Specification:

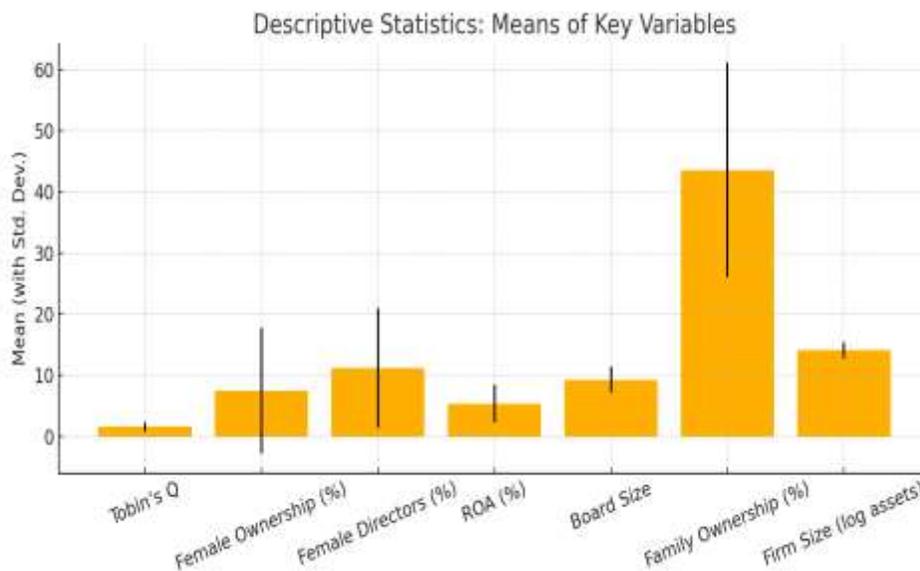
We estimate the following fixed-effects panel regression models:

Model 1: Base Model

### 5. Results and Discussion

#### Descriptive Statistics

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**Figure 1: Mean and Standard Deviation for Key Variables**

The bar plot above shows the average and variability of core variables. Family ownership is high, while female ownership and board representation remain low. Firm value (Tobin's Q) is modest.

Female directors are positively associated with firm value ( $r = 0.27$ ). Female ownership's direct effect is weaker ( $r = 0.08$ ). Family ownership has a negative association with firm value. Firm size correlates positively with both gender diversity and value.

Figure 2: Correlation Matrix for Key Variables

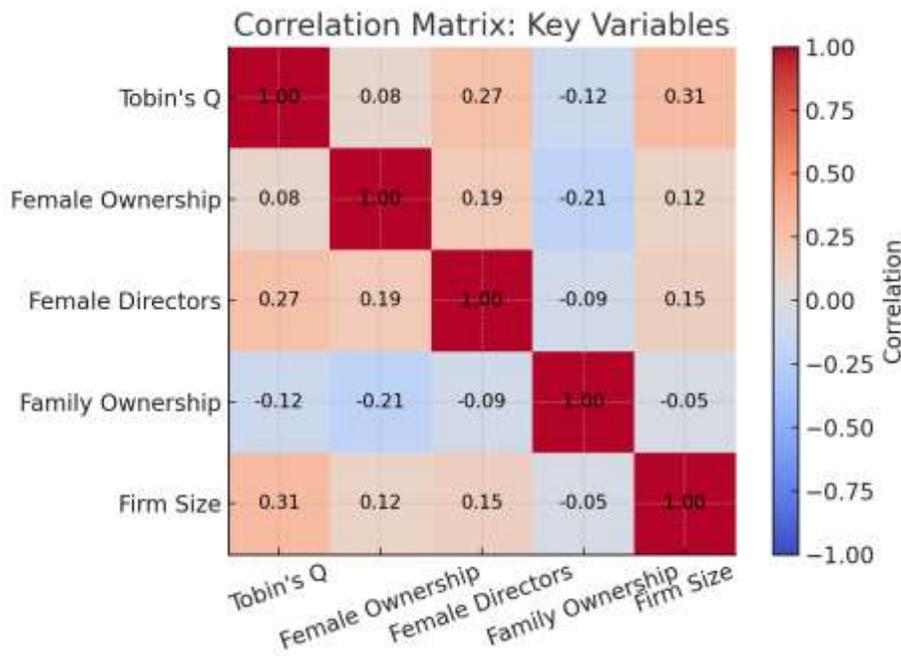
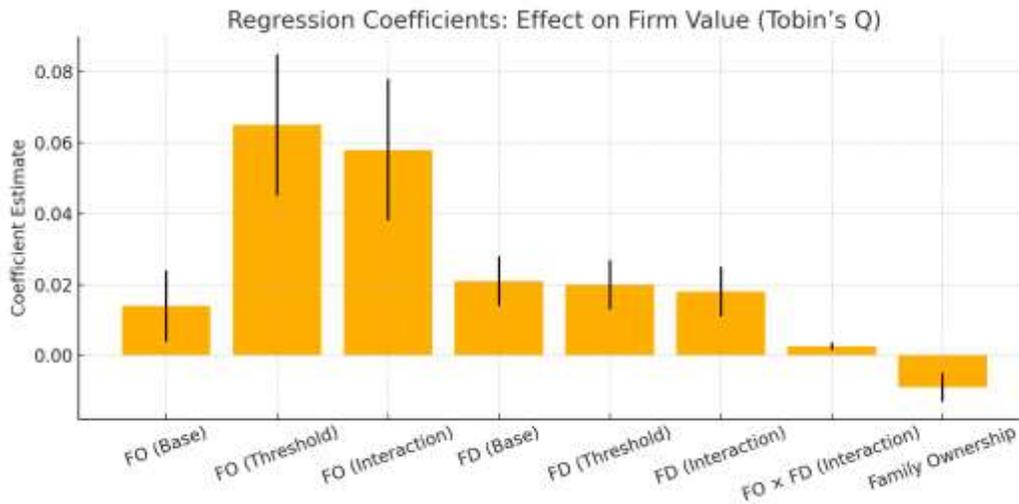


Figure 3: Regression Coefficients – Impact on Firm Value (Tobin's Q)



Regression analysis shows female directors consistently improve firm value, while female ownership alone is insignificant until above a critical threshold (as captured by the quadratic term). The strongest effect comes when women hold both ownership and board seats, as seen in the positive interaction coefficient.

To investigate the impact of female ownership and female board representation on firm value in Thai family-owned firms, we estimate three panel regression models. Table 3 summarizes the regression results.

Table 3: Regression Results – Dependent Variable: Tobin's Q

Variables	Model 1: Base	Model 2: Threshold	Model 3: Interaction
Female Ownership (%)	0.014	0.065**	0.058*
Female Ownership <sup>2</sup>	–	-0.0013**	–
Female Directors (%)	0.021***	0.020***	0.018***
Female Ownership × Female Directors	–	–	0.0026**
Family Ownership (%)	-0.009	-0.011	-0.012
ROA (%)	0.048***	0.045***	0.043***
Board Size	-0.015	-0.016	-0.014
Firm Size (log total assets)	0.032**	0.030**	0.031**

Variables	Model 1: Base	Model 2: Threshold	Model 3: Interaction
Constant	1.17**	1.15**	1.12**
Observations	520	520	520
R-squared	0.26	0.31	0.34
Firm Fixed Effects	Yes	Yes	Yes

Notes: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$

### 5.1. Interpretation of Results

Model 1 (Base Model) shows that female directors have a significant positive effect on firm value (Tobin's Q), supporting the notion that gender-diverse boards enhance governance and market perception. However, female ownership in itself is not statistically significant in this model.

Model 2 (Threshold Model) introduces a quadratic term for female ownership, revealing a non-linear (inverted-U shaped) relationship. The positive coefficient of the linear term and negative coefficient of the squared term imply that female ownership contributes to firm value only after exceeding a critical threshold, estimated around 25% ownership. This supports the idea that tokenistic ownership (below threshold) may lack decision-making power and thus offer no real governance benefit.

Model 3 (Interaction Model) captures the combined effect of ownership and board participation. The positive and significant interaction term (Female Ownership  $\times$  Female Directors) suggests that when women hold both ownership and board positions, the synergistic effect significantly enhances firm value. This finding is particularly relevant for family firms where overlapping roles often exist. It implies that female owners who are also involved in governance can exert more effective influence, reduce agency conflicts, and improve decision-making.

### 5.2. Theoretical Insights

These findings offer robust support for both **agency theory** and **stewardship theory** in family firm governance:

From the **agency perspective**, female directors serve as independent monitors, improving board oversight and curbing opportunistic behavior in firms with concentrated ownership.

From the **stewardship perspective**, women in both ownership and governance roles reflect a relational governance model, enhancing cooperation, trust, and long-term orientation—traits vital to family-owned businesses.

### 5.3. Practical Implications

**Boardroom Reforms:** Corporate governance codes in emerging markets should encourage not just board diversity quotas but also ownership diversity to ensure women have real decision-making influence.

**Succession Planning in Family Firms:** Families should consider succession plans that involve passing ownership stakes to female heirs and providing governance training for women to take on active board roles.

**Investor Perception:** The market appears to reward firms with substantive, not symbolic, gender diversity—particularly when women are both owners and directors.

## 6. Conclusion

This study provides new insights into the nuanced role of female ownership and directorship in enhancing firm value within the context of family-owned firms in emerging markets, with a specific focus on Thailand. Using panel regression models grounded in agency and stewardship theories, the analysis reveals that female ownership alone does not significantly improve firm value unless it exceeds a critical threshold—approximately 25%. In contrast, female board representation consistently contributes positively to firm valuation, underscoring the governance value of gender-diverse boards.

Most notably, the results highlight a synergistic effect: when women simultaneously hold substantial ownership and board positions, they exert a more powerful influence on governance and strategic decision-making, which translates into higher firm performance. This combined role reduces agency conflicts inherent in family firms and supports a shift toward more inclusive, stewardship-oriented governance structures.

These findings have important practical implications. For policymakers, promoting gender inclusion in both ownership and governance is essential—not just symbolic board quotas, but mechanisms that enable women to gain real decision-making power in family-controlled firms. For family businesses, strategic succession planning and leadership development that includes female family members can unlock value and ensure long-term sustainability.

In conclusion, female ownership matters—but only when it is meaningful. As emerging markets seek to strengthen corporate governance and promote sustainable growth, embracing substantive gender diversity beyond the boardroom becomes not just a moral imperative but a strategic necessity.

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