Does Board Composition Matter? The Relationship Between Board Characteristics and Financial Performance: Evidence From Chinese Listed Agricultural Companies

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Abstract

The paper aims to make new insight to some of the contradicting findings in prior studies of the board structure–firm performance relationship and to assess this connection in the specific context of Chinese listed agricultural companies practice. The study investigates the data of Chinese agricultural listed companies from 2008 to 2017, using multiple regression authors examine the relationship between board characteristic and financial performance. Conducted by authors empirical analysis shows that CEO duality and board size are significantly positively correlated with financial performance (proxies - ROA, ROE, and EPS). Although, contrary to the findings made in Western institutional settings the paper’s results testify that board independence has no significant impact on financial performance in China. The study’s findings enrich the understanding of linkage “board structure–firm performance”, especially in China – institutional settings that have proved to differ in many ways from other jurisdictions. Additionally, the paper provides an in-depth synthesis of research into this linkage to the date.

Keywords: board of directors, China, listed companies, CEO duality, board size, board independence

1. Introduction

In the past few decades, corporate governance has continued to attract the attention of academia and business. Scholars have studied the connotation, influence and improvement of corporate governance from different aspects (Zahra & Pearce, 1989; Boyd, 1995; Daily & Johnson, 1997; B. E. Hermalin & Weisbach, 2001; Brown & Caylor, 2005; Cheung & Wei, 2006; Hu & Izumida, 2008; Zubaidah et al., 2009; Wintoki et al., 2012; Zabri et al., 2016; Wijethilake & Ekanayake, 2019).

From the perspective of company owners, corporate governance is a series of institutional arrangements to protect the rights and interests of owners (Shleifer & Vishny, 1997). The separation of ownership and management rights creates professional managers, which in turn leads to the first type of agency problems. The interests of large shareholders and small shareholders are inconsistent, which creates a second type of agency problem. The purpose of studying these two types of agency problems is to protect shareholders' rights.

The results of empirical research also indicate a significant relationship between the board’s characteristics and financial performance. The board of directors is believed to be one of the major internal corporate governance mechanisms (Aguilera, Desender, Bednar, & Lee, 2015; Brennan, 2020). Wisely established and the well-functioning board should effectively monitor the management of the company, not allowing the latter to turn from an agent into a principal and through this board morphs into a driver of value enhancement for shareholders (Brennan, 2020). Especially three board’s characteristics command scrutiny from researchers: board size, board independence and CEO duality.

The board size is considered as one of the key factors that influence firm performance (Kumar & Singh, 2013; Merendino & Melville, 2019; Singla & Singh, 2019). Among the advantages of a large board of directors are enhanced opportunities to share information as well as the expanded experience of directors, greater variety of professional backgrounds, bigger panoply of expertise possessed by them and as a result much bigger skills set

compared with a smaller board (R. B. Adams & Ferreira, 2007; Graham, Kim, & Leary, 2020; Lehn, Patro, & Zhao, 2009; Singla & Singh, 2019).

The Board of Directors, according to the latest corporate governance codes and best practices, is comprised of executive and non-executive directors (NED), who although are treated equally, however, the role of the latter is crucially important in terms of responsibility to shareholders (Brennan, 2020; Merendino & Melville, 2019). Nonexecutive directors are there to ensure that the interests of shareholders are heeded to those interests are protected to the fullest extent possible. The non-executive directors, in turn, can be divided into NED on behalf of specific investors and shareholder groups and those who might be classified as independent directors, who therefore have no connection with the firm whatsoever except for their directorship (Clifford & Evans, 1997; Merendino & Melville, 2019; Tham, Sultana, Singh, & Taplin, 2019).

It is considered generally accepted that the role of non-executive directors and independent directors is to monitor the decisions and activities of the company's management and thus keep the executive branch accountable (Clifford & Evans, 1997; Graham et al., 2020). NEDs and independent directors' status implies that they are very sensitive to the wishes and interests of shareholders, as their task is to ensure that every management decision benefits the interests of shareholders. Independent directors are trustworthy instruments of monitoring the management whist being independent of the firm itself and its CEO (Lamoreaux, Litov, & Mauler, 2019; Masulis & Zhang, 2019; Stein & Zhao, 2019). A high level and proportion of independent directors on boards should lead to a more effective monitoring role and curb or limit managerial opportunism (Ahmad, Rashid, & Gow, 2017; Chung & John, 2017; Idris, Abu Siam, & Nassar, 2018; K. Li, Lu, Mittoo, & Zhang, 2015; Merendino & Melville, 2019). This, in turn, should lead to increased benefits for shareholders, increase the operational and financial performance of the company assessed based on various proxy indicators and even enhance innovation process (Renée B Adams, Hermalin, & Weisbach, 2010; Balsmeier, Fleming, & Manso, 2017; Duchin, Matsusaka, & Ozbas, 2010; El-Faitouri, 2014; Masulis & Mobbs, 2014a; Masulis & Zhang, 2019; Merendino & Melville, 2019; Uribe-Bohorquez, Martínez-Ferrero, & García-Sánchez, 2018).

However, there are also drawbacks related to independent directors. Many experts citing communication, coordination and decision-making problems that inevitably arose with the grow of board size (Eisenberg, Sundgren, & Wells, 1998; Masulis & Mobbs, 2014a). Independent directors who have excessive engagement assignment simultaneously could adversely impact on firm's performance due to their commitments in others companies (Chung & John, 2017; Ibrahim & Samad, 2011), shortage of time (Masulis & Mobbs, 2014b; Tham et al., 2019), the free-riding problem among independent directors (B. Hermalin & Weisbach, 2003).

CEO duality (when CEO at the same time is the chairman of the board) attracts a lot of attention and rightly so because this situation fits well into the debate on the impact of the separation of ownership and control (Merendino & Melville, 2019). And indeed there are differences between sole and dual board systems (R. B. Adams & Ferreira, 2007). Supporters of CEO duality argue that CEO and chairman of the board are often in conflict, leading to mixed signals for the company's employees (Allam, 2018; Merendino & Melville, 2019; Mubeen, Han, Abbas, & Hussain, 2020) and downgrade the company's performance (H. Li & Li, 2009). Further CEO duality often results in cost savings through partially scrapping information transferring and processing costs (Yang & Zhao, 2014) and might as well smooth the way for a more timely and effective decision-making process (Peng, Sun, Pinkham, & Chen, 2009). On the other hand, the literature also recognizes that if one person serves two owners (management and shareholders), then, in this case, she/he will certainly be more inclined to align with management than to shareholders, and may act in a way to protect management and its position (H. Li & Li, 2009; Yang & Zhao, 2014). As a result, merging CEO and Chairman of the board could lead to a decreasing capacity to oversee and monitor management (Graham et al., 2020; Mubeen et al., 2020).

Those three board characteristic will behave (impact) differently in various institutional settings and we also should take to consideration the dynamics of corporate governance in a given jurisdiction due to changes in competing jurisdictions. In with respect, we adhere to "theory-free equilibrium level of corporate governance" (Michael & Goo, 2019) and in line with it are going to focus on China.

Against with background, our focus is Chinese listed agricultural companies. As the largest emerging market, China's corporate governance practices began with the reform of state-owned enterprises in the late 1970s (Lin, 2001). The establishment of a modern enterprise system is the first step in the reform of state-owned enterprises, and its important symbol is to improve the management level and economic benefits through the separation of ownership and management rights. With the development of China's market economy, corporate governance has become an important part of China's modern enterprise system. Since the corporate governance system of Chinese listed

companies is established regarding western developed countries, there may be some differences (Shao, 2019). The research conclusions of corporate governance in western countries cannot be directly used in China. For example, can CEO duality increase decision-making efficiency or increase business risk? What is the relationship between board size and financial performance? Can independent directors function effectively and many more. Even in Western developed countries, these corporate governance-related issues have no unified conclusions.

The purpose of this paper is to provide new empirical evidence on the relationship between board characteristic and financial performance in China. The study investigates the data of Chinese agricultural listed companies from 2008 to 2017, using multiple regression we examine the relationship between board characteristic and financial performance. The board of directors is the basic structure of corporate governance and the key to corporate governance. At the same time, board characteristics are also the focus of corporate governance research. In-depth analysis of the relationship between board characteristic and financial performance will help us understand the current governance status of China's agricultural listed companies.

The main research question the paper aims to find an answer to is 'Do board's characteristics affect financial performance?' which also could be conveyed using a question from the title of the article: 'Does Board Composition Matter?' The institutional settings examined is Chinese agricultural listed companies. The research period is from 2008 to 2017. We find that CEO duality and board size are significantly positively correlated with financial performance (proxies - ROA, ROE, and EPS). Although, contrary to the findings made in Western institutional settings the paper's results testify that board independence has no significant impact on financial performance in China.

The paper contributes to the literature in several ways. First, the study's findings enrich the understanding of linkage "board structure–firm performance", especially in China – institutional settings that have proved to differ in many ways from other jurisdictions. Secondly, the paper provides an in-depth synthesis of research into this linkage to the date.

The paper proceeds as follows: reviews the literature and proposes research hypotheses are explicated in Section 2. Section 3 introduces research methods and data and is followed by section 4 presenting the research results. The paper concludes with the conclusions and discussions.

2. Literature Review and Hypothesis Development

2.1 CEO Duality

The relationship between CEO duality and financial performance is one of the most studied questions in the literature. The chairman is responsible for external affairs and governance structure, determines the direction of development, and the CEO is specifically responsible for the company's business activities. The principal-agent posits believes that if the chairman and CEO are served by the same person (CEO Duality), it will lead to the failure of shareholders' internal supervision of the management and damage the shareholder's interests.

The empirical studies found that the relationship between CEO duality and financial performance has mixed results. Some studies found a positive relationship between CEO duality and financial performance. Fama & Jensen (1983) found that CEO duality can reduce agency costs and improve company performance. Boyd (1995), Yermack (1996), Mueller & Barker (1997) analyzed the US-listed companies, found that the CEO duality is positively related to performance indicators such as ROA and Tobin's Q. Abatecola et al. (2011) analyzed 40 empirical research papers published from 1985 to 2008 and found that CEO duality was positively related to company performance. Bhatt & Bhatt (2017) analyzed the data of Malaysian listed companies from 2008 to 2013 and found that CEO duality is positively correlated with ROI and ROE.

In sharp contrast, other studies show there is a significant negative relationship between CEO duality and financial performance. Peel & O'Donnell (1995) analyzed the data of 132 British industrial companies in 1992 and found that CEO duality had a negative correlation with Ownership of equity and participation in share. Duru et al. (2016) surveyed data from 17,282 US companies from 1997 to 2011 and found that CEO duality was negatively correlated with ROA, ROE, and ROS. Kao et al. (2019) analyzed the data of 151 listed companies in Taiwan from 1997 to 2015 and found that CEO duality is negatively correlated with ROE, Tobin's Q, the market-to-book value of equity.

Other studies found that there is no significant relationship between them. Rechner & Dalton (1989) analyzed the data of 141 Fortune 500 firms from 1978 to 1983 and found that CEO duality had no significant relationship with shareholder return. Daily & Dalton (1992) analysis of the 100 fastest-growing small public companies in the United States in 1990 showed that CEO duality has no significant relationship with ROA, ROE, Price Earnings ratio. Nahar Abdullah (2004) analysis of listed companies in Malaysian from 1994 to 1996 showed that CEO duality has no

significant correlation with ROA, ROE, EPD, profit margins. Allam (2018) analyzed the data of companies included in the FTSE All-Share Index from 2005 to 2011 and found that CEO duality has no significant relationship with ROA and Tobin's Q.

Boyd (1995) found that if the company's external environment is undergoing drastic changes, CEO duality will increase the efficiency of decision-making and execution. In this case, the company should choose the form of CEO duality. When the company's external environment is stable, the board of directors needs to strengthen supervision of the management, and CEO duality should be avoided. As China's economy enters a new normal, the external environment of high growth in the past no longer exists. The external environment faced by agricultural listed companies is undergoing drastic changes. CEO duality can improve the efficiency of decision-making and execution, thereby obtaining higher returns. Therefore, we propose Hypothesis 1:

H1. CEO duality is positively related to financial performance.

2.2 Board Size

The board of directors connects shareholders and management and is the core and backbone of corporate governance (B. E. Hermalin & Weisbach, 2001). As the most important internal governance body, the board of directors must guide and supervise the management's major business decisions. Board size affects the efficiency of decision-making but also affects the supervision of management.

Some previous empirical studies have shown that board size is positively correlated with corporate performance. Guetat et al. (2015) investigated data from 63 hotels in Tunisia from 2011 to 2012 and found that board size was significantly positively correlated with company performance. Nguyen et al. (2015) analyzed the data of non-financial companies in Singapore and Vietnam from 2008 to 2011 and found that board size was significantly positively correlated with company performance. Tai (2015) analyzed the Gulf Cooperation Council's state-owned listed banks, found that board size is significantly positively correlated with company performance.

On the other hand, other studies have shown that board size is significantly negatively correlated with corporate performance. From the perspective of organizational behavior theory, Jensen (1993) found that an increase in board size would increase the internal friction of the board, weaken the board's evaluation and supervision of the management, and reduce performance. Yermack (1996) analyzed a sample of US companies from 1984 to 1991 and found a negative correlation between board size and company performance. Garg (2007) studied data of 164 companies from Bombay Stock Exchange (BSE) and found an inverse relationship between board size and Tobin's Q. Mamatzakis & Bermpei (2015) analyzed the 2000-2012 data of the US Investment Bank and found that board size was negatively correlated with company performance. Gohar & Batool (2015) study of Pakistan companies in 2005-2009 found that board size was negatively correlated with company performance.

A larger board of directors will have more diversity, formulate better development strategies, and provide more resources and experience for company development, so we propose Hypothesis 2.

H2.Board size is positively related to financial performance.

2.3 Board Independence

Independent directors have important functions of supervision and decision-making consultation (Masulis, Wang, & Xie, 2012). Independent directors provide a valuable service to shareholders (B. D. Nguyen & Nielsen, 2010). The internal directors directly participate in the company's production and operation activities, and their decisions are often affected by their respective positions. Independent directors do not participate in the company's production and operation. This independence allows them to stand at a higher position and improve the board's decision-making. There are many studies on the relationship between board independence and financial performance, but the research sample and time frame are different, and there is no consistent conclusion.

Rosenstein & Wyatt (1990) found that outside directors better protect the interests of shareholders, and the proportion of outside directors is significantly positively correlated with company value. The empirical studies of Daily & Dalton (1993), Millstein & MacAvoy (1998), Rebeiz & Salameh (2006) all concluded that the ratio of external directors is positively correlated with company performance. Dahya & McConnell (2005) found that the increase in the proportion of outside directors significantly improved the company's ROA. Dharmadasa et al. (2014) analyzed the data of 189 non-financial companies in Sri Lanka from 2012 to 2013 and found that the proportion of independent directors is positively correlated with company performance. Nguyen et al. (2015) analyzed the data of non-financial companies in Singapore and Vietnam from 2008 to 2011 and found that the proportion of independent directors is significantly positively correlated with company performance.

Other studies have shown that independent directors have no obvious correlation with corporate performance. Terjesen et al. (2016) analyzed 3876 public firms in 47 countries, find that external independent directors do not contribute to firm performance unless the board is gender diversified. Shao (2019) investigated the corporate governance structure and company performance of Chinese listed companies from 2001 to 2015 and found that there was no relationship between independent directors and company performance.

Since 2001, to solve the shortcomings of the governance structure of listed companies at that time, the China Securities Regulatory Commission implemented an independent director system in listed companies. Independent directors of listed companies are nominated by shareholders and elected and appointed by the shareholders' meeting. At present, although the concentration of equity in Chinese listed companies has decreased, it is still much higher than that of listed companies in developed countries. Therefore, we believe that the independence of Chinese listed companies cannot meet the needs. Based on this, we propose Hypothesis 3.

H3. The proportion of independent directors has no significant correlation with financial performance.

3. Method and Data

3.1 Sampling

We select listed agricultural companies based on the “Industry Classification Guidelines” of the China Securities Regulatory Commission. Agricultural listed companies are divided into 5 categories, namely agriculture, forestry, animal husbandry, fishery, and related service industries.

The data from 2008 to 2017 has a total of 416 observations. To reduce the data bias caused by earnings management, the data of the companies that received the delisting warning were deleted, and a total of 261 observations were obtained. The data is mainly from the China Stock Market & Accounting Research (CSMAR) database. Individual missing data is supplemented by the annual reports of listed companies published on the websites of the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The proportion of independent directors is calculated based on the number of independent directors and the size of the board of directors.

3.2 Model and Variables

To verify the research hypothesis, we developed the following model:

$$\text{Performance}_{i,t} = \beta_0 + \beta_1\text{Duality}_{i,t} + \beta_2\text{BoardSize}_{i,t} + \beta_3\text{INDR}_{i,t} + \delta\text{LnSize}_{i,t} + u_{i,t} \quad (1)$$

Where performance is measured using accounting-based indicator ROA. In the robustness test, performance will be measured using accounting-based indicators ROE and market-based indicators EPS. According to the research hypothesis, the three corporate governance indicators were selected: CEO duality (Duality), board size (BoardSize), independent director ratio (INDR).

Referring to the previous study, we use the size of the company as a control variable and take the natural logarithm of the company's total assets. The variable definition and calculation method are shown in Table 1.

Table 1. Variables definition

VarName	Definition
EPS	Earnings per share
ROA	Net profit / average balance of total assets
ROE	Net profit/average balance of shareholders’ equity
Duality	1 = Chairman and CEO are the same person, 2 = Other Situation
BoardSize	Total number of board members
INDR	Percentage of independent directors
LnSize	Natural logarithm of total assets

4. Results

4.1 Descriptive Statistics

Table 2. Descriptive statistics

VarName	Obs	Min	Max	Mean	Median	SD
ROA	261	-0.431	0.330	0.036	0.029	0.076
ROE	261	-0.785	0.624	0.055	0.052	0.136
EPS	261	-1.990	2.710	0.231	0.170	0.499
Duality	257	0.000	1.000	0.268	0.000	0.444
BoardSize	260	5.000	16.000	8.796	9.000	1.937
INDR	260	0.308	0.600	0.372	0.333	0.059
lnsize	261	19.868	24.616	21.587	21.450	0.901

Table 2 shows the descriptive statistical results. Descriptive statistics of dependent variables: The medians of EPS, ROA, and ROE are all less than the average, indicating that there are more companies with low financial performance than companies with high financial performance. If we consider companies that have been removed and received a delisting warning, the performance of China's agricultural listed companies will be even lower.

Descriptive statistics of independent variables: CEO Duality value is 0.268, indicating that the proportion of CEO Duality is about 26.8%. The minimum board size is 5 people, the maximum is 16 people, and the median is 9 people. The proportion of independent directors is at least 30.8%, the maximum is 60%, and the average value is 33.3%, indicating that most agricultural listed companies are following the requirements of the CSRC, and the proportion of independent directors has reached 1/3 of the total number of directors.

We conducted a correlation test on the variables participating in the regression, and the results are shown in Table 3.

Table 3. Correlation coefficient matrix

	ROA	ROE	EPS	Duality	BoardSize	INDR	lnsize
ROA	1	0.972***	0.898***	0.085	0.109*	0.081	0.030
ROE	0.953***	1	0.906***	0.112*	0.140**	0.028	0.096
EPS	0.862***	0.866***	1	0.194***	0.088	0.018	0.108*
Duality	0.065	0.083	0.212***	1	-0.272***	0.135**	0.115*
BoardSize	0.224***	0.191***	0.166***	-0.272***	1	-0.577***	0.301***
INDR	-0.052	-0.059	-0.074	0.137**	-0.515***	1	-0.114*
lnsize	0.158**	0.178***	0.244***	0.101	0.340***	-0.115*	1

Note:

1.***, ** and * indicate at 1%, 5% and 10% level of significance, respectively.

2. Left-under: Pearson correlation coefficient; Right-up: Spearman correlation coefficient.

From the Table 3, we found that the board size, total assets are positively correlated with ROA and EPS. CEO Duality is positively correlated with EPS, but there is no significant correlation with ROA. Board size is not related to ROA or ROE.

4.2 Multiple Regression Analysis

The regression analysis results for ROA, ROE and EPS are shown in Table 4.

Table 4. Regression results

	(1)	(2)	(3)
	ROA	ROE(Robust)	EPS(Robust)
Duality	0.021*	0.039*	0.276***
	(1.919)	(1.932)	(3.889)
BoardSize	0.011***	0.016***	0.048**
	(3.567)	(2.731)	(2.365)
INDR	0.113	0.114	0.034
	(1.160)	(0.646)	(0.055)
lnsize	0.005	0.015	0.088**
	(0.906)	(1.462)	(2.444)
_cons	-0.223*	-0.456**	-2.174***
	(-1.834)	(-2.089)	(-2.819)
N	256	256	256

Note: ***, ** and * indicate at 1%, 5% and 10% level of significance, respectively.

The results show that CEO duality and ROA are positively correlated and are significant at the level of 10%, which supports the positive correlation of H. Board size and ROA, and is significant at the level of 1%, which Supported H2. The ratio of independent directors (INDR) and ROA was positively correlated but did not reach a significant level, which supported H3. To further verify the effect of the model, we conducted a robustness test and replaced the dependent variable ROA with ROE and EPS, and obtained similar results.

Table 5. Study's results at a glance

Hypothesis formulation	Financial performance proxy used	Confirmation / rejection of hypothesis
H1. CEO duality is positively related to financial performance	EPS, ROA, ROE	confirmed
H2. Board size is positively related to financial performance	EPS, ROA, ROE	confirmed
H3. The proportion of independent directors has no significant correlation with financial performance	EPS, ROA, ROE	confirmed

5. Discussions and Conclusion

The paper studies the effects of the board characteristics (board size, board independence, CEO duality) on firm performance among Chinese listed agricultural companies. We used data from 2008-2017 of Chinese agricultural listed companies to investigate the impact of board characteristic on financial performance. This study uncovers a host of noteworthy findings that have implications for researchers as well as practitioners with an eye on board structure and corporate governance.

The paper contributes toward the deeper understanding of the Chinese corporate governance practice and its interconnectedness. Especially, this study contributes to the literature on listed companies through the explication of some new Chinese corporate governance insights. Our findings have to be considered as one pebble potentially tipping the scales of board characteristics impact research.

First, we find that CEO duality is positively related to financial performance. Of course, this indicator is very important to be judged at the ground level; because only from the situation at the companies level can we assess its effectiveness. When the relationship between the CEO and the Chairman of the board is not productive or even counterproductive, it can lead to major implications in the company's governance, and ultimately reduce financial

performance.

Second, we find that board size is positively related to financial performance. These results show that the board of directors must be of adequate size. Excessive board size can harm a company's performance. This can be explained by the fact that the more directors there are, the more likely they are to have other external to the company commitments which will interfere with the effective performance of their duties. Our study confirms the view that shareholders when forming a board of directors should take into account that there is a threshold when the size of the board of directors does not have the effect they expect and could adversely affect firm performance.

Third, we find that the proportion of independent directors has no significant correlation with financial performance. In Chinese context companies do not benefit from a higher proportion of the independent directors (confirmed by many other studies, for example (Shao, 2019)) and, rather more balanced approach to the issue could be considered as a boon for companies. Although we did not include this indicator in our study, we believe that it may be related to ownership. Large shareholders may negate both positive and negative influence from independent directors (Merendino & Melville, 2019).

Of the three hypotheses we tested, two are in line with the results of most studies to the date, and one (independence of the board) runs counter to the majority of studies done in international settings which could be attributed to specific institutional settings inherent to China.

This research we believe has several implications important for practice. First, we find that separation of the CEO role and this of the board's chairman promulgated in many codes of corporate governance across the globe as a proxy for enhanced corporate governance does not fit into our findings. What our findings indicate is that far more important is reliable and robust appointment process which could lead to the selection of effective board members. Second, we believe and our findings suggest that a balanced approach and a case-by-case mindset are more important than imitating what works elsewhere. In this regards, we strongly believe that the composition and the size of the board, as well as the number and type of directors on the board, is less significant than the quality and prospective contribution of each of individuals involved. Perfectly fits our approach term used in so-called "grey literature" – corporate governance maturity (Allais, Roucoules, & Reyes, 2017; Durisin & Puzone, 2009). First of all "it is the maturity of the corporate governance within the organization which is required to be identified enabling the evaluation of good corporate governance" (Rehman & Hashim, 2020, p. 602). One size fits all approach does not applicable here.

Of course, our findings are far from being the last word on the issue. As a result of our research, we have noted several promising areas for further research. First, perfectly would supplement our study researches analyzing the independence of the board of directors concerning the ownership structure of the company. Second, in line with the majority of studies as a proxy for the financial performance, we utilized ROE, ROA, although some studies made use of economic value added (Adjaoud, Zeghal, & Andaleeb, 2007). We believe the studies combining those traditional measures of financial performance with a new one would potentially bring new revealing insights. Third, we see a lack of qualitative (interview-based) case-studies in the field although this research tool is very promising indeed. We persuade researchers to follow this route and are committed to indulging this route as well shortly.

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