THE IMPACT OF CEO CHARACTERISTICS AND OWNERSHIPS ON RISK-TAKING BEHAVIOUR AMONG PUBLICLY LISTED FAMILY COMPANIES IN MALAYSIA

OMAIR WASIM

UNIVERSITI SAINS MALAYSIA

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by

OMAIR WASIM

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
DV	Dependent variable
D/A	Debt to Asset
D/E	Debt to Equity
FGLS	Feasible generalized least squares
GDP	Gross Domestic Product
IPO	Initial Public Offering
IV	Independent variable
MBA	Master of Business Administration
MSc	Master of Science
PHD	Doctor of Philosophy
POLS	Pooled Ordinary Least Square
R&D	Research and Development
SEW	Socioeconomics Wealth
SPSS	Stata and Statistical Package for the Social Science
TMTs	Top Management Teams
TSA	Time-Series Analysis
UET	Upper Echelons Theory
US$	United States Dollar

LIST OF APPENDICES

KESAN CIRI-CIRI DAN PEMILIKAN KETUA PEGAWAI EKSEKUTIF TERHADAP TINGKAH LAKU PENGAMBILAN RISIKO DALAM KALANGAN SYARIKAT KELUARGA TERSENARAI AWAM DI MALAYSIA

ABSTRAK

Kajian ini bertujuan untuk mengenal pasti kesan ciri-ciri Ketua Pegawai Eksekutif (CEO) dan pemilikan CEO terhadap tingkah laku mengambil risiko di kalangan syarikat keluarga yang tersenarai awam di Malaysia. Tingkah laku mengambil risiko diukur dengan menggunakan nisbah hutang ke atas ekuiti (D/E) dan nisbah hutang ke atas aset (D/A). Ciri-ciri CEO pula diukur mengikut umur, tahap pendidikan, jantina dan generasi mereka. Selain itu, tahap pemilikan CEO diukur dengan pemilikan CEO. Feasible Generalized Least Squares (FGLS) telah diguna pakai untuk menganalisis nisbah hutang ke atas ekuiti (D/E) dan nisbah hutang ke atas aset (D/A). Dengan menganalisis sampel sebanyak 65 syarikat keluarga di Malaysia yang telah disenaraikan di Bursa Malaysia untuk tempoh 2014 hingga 2020, penemuan menunjukkan bahawa, CEO yang mempunyai kelulusan Ijazah Sarjana Muda, Ijazah Pascasiswazah dan generasi CEO mempunyai kaitan secara signifikan dengan tingkah laku mengambil risiko dengan menggunakan nisbah hutang ke atas ekuiti (D/E). Manakala jantina CEO, CEO yang mempunyai kelulusan Ijazah Sarjana Muda dan Kelayakan Profesional dapat dikaitkan secara signifikan terhadap tingkah laku mengambil risiko dengan menggunakan nisbah hutang ke atas aset (D/A). Kajian ini membuktikan kepada semua syarikat yang mengambil CEO bahawa, latar belakang Pendidikan CEO memainkan peranan yang penting dalam menjelaskan variasi dalam tingkah laku mengambil risiko yang diperhatikan di seluruh perniagaan milik keluarga. Penemuan ini sejajar dengan prinsip The Upper Echelos Theory (UET).Penyelidikan

akan datang digalakkan untuk menambah saiz sampel bagi mendapatkan hasil yang lebih tepat. Kajian ini menyediakan bukti praktikal kepada ahli akademik, penggubal dasar khususnya di Malaysia dan semua pihak berkaitan dalam ekonomi yang sedang pesat membangun.

THE IMPACT OF CEO CHARACTERISTICS AND OWNERSHIPS ON RISK-TAKING BEHAVIOUR AMONG PUBLICLY LISTED FAMILY COMPANIES IN MALAYSIA

ABSTRACT

This study aims to examine the effects of chief executive officer (CEO) characteristics and CEO ownership on the risk-taking behaviour among publicly listed family companies in Malaysia. Risk-taking behaviour can be examined by employing the debt-to-equity (D/E) and debt-to-asset (D/A) ratios as measurement variables. The characteristics of a CEO are assessed based on factors such as the age, level of education, gender, and generational of the CEO. CEO ownership level is measured by CEO ownership. Feasible generalized least squares (FGLS) are adopted for the analysis of debt-to-equity ratio (D/E) and debt-to-asset ratio (D/A). By analysing a sample of 65 Malaysian family companies traded on the Bursa Malaysia during the period of 2014 till 2020, the findings show that CEO undergraduate degree, CEO postgraduate degree and CEO generation is significantly related to risk-taking behaviour using debt-to-equity ratio (D/E). Whereas, CEO gender, CEO undergraduate degree and CEO professional qualification is significantly associated to risk-taking behaviour using debt-to-asset ratio (D/A). This study provides evidence to all the companies hiring CEOs that the educational background of CEOs plays a crucial role in explaining the variances in risk-taking behaviour observed across family-owned businesses. This finding aligns with the principles of the upper echelons theory (UET). It is encouraged for the future research to increase the sample size to obtain a more accurate result. The present study provides practical evidence to the academicians, policymakers specifically in Malaysia and all related parties in emerging economies.

CHAPTER 1

INTRODUCTION

1.1 Introduction

The level of risk that a business is willing to accept is directly related to its success. Many researchers emphasized on the importance of management of strategic risk taking for the survival and prosperity of the company (Hiebl, 2012).

Risk taking is the amount of debt a CEO decides to take for multiple strategic reasons to grow the firms performance (Zahra, 2005). Risk taking capabilities and interest is driven by multiple factors associated with a decision maker of the firm which is under CEO of the firm so for that reason, his personal characteristics can impact his risk-taking behaviour and that can impact the performance of the firms. Therefore, it is extremely important to understand the family businesses and its structure of function. A family business can be defined as a commercial organization or company in which the many and multiple generations of the same family influence the firm's decision making. They are related by marriage, blood, and adoption. They tend to be closely associated with the company and they dictate the vision of the company as well.

Family companies are the oldest and most widespread type of the economic organization. Classification can be made for the family businesses from the great majority of enterprises around the world, it can range from stores to publicly traded multinational corporations (Anderson & Reeb, 2003). The family companies are also controlled by the founder of the company and by his family and they also act as chief executive officers (CEO) of the company. Family member of the company as a CEO oversee administration of the organization, particularly an autonomous legal entity such as corporation, nonprofit organization or government agencies. They are charged with the responsibility of functioning of organization and increasing the value of the firm (Zanani, Abdullah, Ismail & Jamaluddin., 2008). Risk taking behaviour of the company CEO is very critical because it influences an organization's economic performance, growth, ability to survive, and the choice of managerial risk is an essential factor in decision making (Bromiley, 2017), through this study it will be tested the influence of the CEOs characteristics on the performance of the firm.

Building on the work of Hoskisson et al. (2016) and Busija (2006) this study seeks to add to the understanding of managerial risk-taking in the specific context of family businesses.

According to Hoskisson, Chirico, Zyung and Gambeta, (2016), an organization's competitive edge can be improved by more managerial risk taking. Even if organisational risk is affected by managerial risk-taking, Timothy and Wiseman, (1999) argue that managerial risk-taking is distinct from organisational risk. The issue continues irrespective of the influence of managerial risk-taking on organisational risk. Their test of the discriminant validity demonstrates that both risks are not identical, since top managers, specifically CEOs, may adopt strategies for their organisations that aligns them with the conditions of their surrounding environment. Therefore, CEO is the most important decision maker in a company (Zahra & Pearce, 2016). In addition, CEO are also charged with taking a significant risks, and their careers are directly related to how well they handle risk (MacCrimmon & Wehrung, 1990). According to Boivie, Lange, McDonald & Westphal. (2011), the Chief Executive Officer (CEO) is widely seen as possessing a greater degree of influence on policy decisions inside a company compared to other employees, mostly due to the inherent power associated with this position.

Despite the recognized impact of CEO characteristics on risk-taking, there is a gap in understanding of the CEOs characteristics such as age, gender, education and generation will impact the Malaysian family businesses (Ibrahim et al., 2021).

Logical reasoning might take position on the older CEO is that they are risk averse because they have less time to recover from any possible financial loss, and also wealthy people are more risk seeking because they can cope with any possible outcome (MacCrimmon & Wehrung, 1990), thus it creates a question for us to address that if it can be empirically prove that older CEO are risk averse. It is important to perform an empirical study to address the issue and provide reliable conclusion through the study on the CEO's characteristics on risk taking behaviour.

1.2 Background of the Study

1.2.1 Family Firm

Family companies have been meticulously nourished by its founders (mothers or fathers) for decades, growing from a smaller business to multi-corporations. Family businesses are characterised by a notable degree of familial affiliation, with a predominant ownership stake held by members of the family. Family businesses play an essential role in economic activities and significantly contribute to economies globally. The statistics show that family-owned or operated firms accounted for 70–90%1, globally (Chrisman et al., 2015; De Massis et al., 2018) and play a vital role in a country's overall economic development. Family businesses in Malaysia make up around 70% from the companies listed and 67.2% is contributed by them to the national GDP (Amran & Ahmad, 2010). Claessens, Lang and Djankov (1999) discover that around 70% of Malaysian businesses are family-owned. Meanwhile, Rohner (2017) in his report claims that globally Malaysia ranks seventh in terms of the number of family-owned companies and in terms of average capitalisation of market of family-owned businesses.

The assets of Malaysia's top 15 families accounts for 76% of the country's gross domestic product (GDP). These families dominate the country's financial sector reported by Wooldridge (2015). According to Wooldridge (2015), the top 15 families in Hong Kong control assets worth 84% of their country's GDP. This figure compares to 48.0% in Singapore and 47.0% in the Philippines. Malaysia's rank is 11th in Asia Pacific. Wooldridge (2015) also reports that family firms continue to be prominent in Asia, which is considered as the most economically vibrant region in the world. In the research of Wooldridge (2015), its observed that founder-owned companies in Asia are more likely to transition into true family firms. According to Rohner (2017) If these projections turn out to be accurate, then family businesses operating in developing economies might account for over 40 percent of the world's largest corporations, up from 15% in 2010 (Rohner, 2017).

According to Rohner (2017) also claims that family-owned companies are outperforming to their peers in every sector and every region. Irrespective of their scales, the paper additionally examines the investment rationale for companies owned by families and discloses their consistent outperformance of wider stock markets across many sectors and regions, with an average annual margin of 3.9% since 2006. It can be established by the multiple study that family-owned businesses have a big role, impact and share in the Malaysian economy thus it makes it extremely needful to study family-owned businesses in the regard of risk taking of their CEOs. The well-known publicly traded family firms are Berjaya Corporation Berhad, Genting Malaysia Berhad, Latitude Tree Holdings Berhad, Oriental Holdings Berhad, and YTL Corporation Berhad are examples of Malaysian family businesses (Amran & Ahmad, 2011). Even though family firms contribute significantly to the Malaysian economy, they are found to lack independence and internal control. Therefore, these problems need to be addressed in family firms as family businesses are governed by family traits, which do not exist in other businesses (Mishra, Randoy & Jenssen, 2001). Despite the importance of CEO characteristics on firm performance, research on Malaysian family firms seems to lag behind. Admittedly, there is too little empirical evidence to prove that Malaysian family firms perform better than non-family firms. For instance, Ibrahim and Lau (2018) revealed from a study that board size, independent directors and duality do show a strong relationship with firm performance. Thus, this study would like to focus more on the academic background or qualifications of the CEO especially in family firms. The board qualifications come entrusted with a wide range of observable or unobservable capabilities in this knowledge overflow modern period which appear to be a critical issue related to firm performance. Muttakin, Khan & Subramaniam (2015) document that first generation family firms perform better than second generation family firms. This is consistent with the argument that first generation family members are more concerned about the performance of family firms because it might affect their reputation. Moreover, family wealth is closely related to the welfare of the family businesses, and thus first-generation family members have incentives to increase their wealth by improving firm performance. Further, founders tend to pass their wealth to their descendents rather than consuming the assets only for their generations.

According to Muttakin et al. (2015), family businesses outperform non-family businesses based on data from Bangladeshi publicly traded companies. It also shows that family ownership and business success are positively correlated. Family members have an incentive to improve their wealth by enhancing firm performance because the well-being of the family businesses is strongly linked to the wealth of the family enterprises. It is consistent as reported by Ibrahim (2021) with Malaysian region of outperforming non family businesses and as well as American region as reported by Rohner (2017). According to earlier research (Morck et al., 1988; Perez-Gonzalez, 2006), family business generations may have distinct effects on the performance of the company. In light of this, we look into the performance impact of family businesses across generations.

According to Rohner's (2017) research, Malaysia's Press Metal is identified as one of the leading family-owned firms worldwide, ranking among the top 50. This recognition is based on the company's market capitalization exceeding US$2 billion and its consistent average sales growth from 2014 forward. According to Forbes, all seven of Tan Sri Yeoh Tiong Lay's children are actively involved in the family business. YTL Corp, which is owned by Tan Sri Yeoh Tiong Lay, is at the number seven in the wealthiest person in Malaysia, and which has investments in utilities, property, and hotels, is another family firm. Tan Sri Quek Leng Chan is the third richest person in Malaysia. In addition to being a co-founder of Hong Leong Group Malaysia, he also manages a family business that operates in the fields of banking, real estate, and food. The wealth of Quek Leng Chan was estimated to be $7.2 billion in 2018, placing him at position #217 on the Forbes list of the world's billionaires.

1.2.2 CEOs Characteristics and Risk taking

The objective of this study is to examine the connection between CEO characteristics and risk-taking behaviour in publicly traded family businesses. Several studies have looked at the aspects that determine how companies handle strategic risk (Harwood, Ward & Chapman., 2009; Sitkin & Pablo, 1992; Wiseman & Gomez-Mejia, 1998). According to the findings of these studies, a company's proclivity toward strategic risk-taking or strategic risk-aversion is the consequence of a mix of several variables. Among these variables, the ownership structure of a company, particularly the position of the biggest controlling shareholder, is a significant factor that might impact the firm's willingness to take strategic risks (Boubaker, Nguyen & Rouatbi., 2016), this will be investigated in this study as ownership of the major shareholders have a significant impact on the risk taking behaviour.

Compared to non-family businesses, family businesses are characterised by a prevailing perception among shareholders that they are the primary proprietors and that the company primarily belongs to them and their families. As a result, they have greater motivation to oversee management, maximise company performance, and oversee the governance of the company over which they have command. Numerous studies point to the advantages of family businesses. Family members with significant stock ownership may have strong financial incentives to reduce agency conflict and improve business performance, according to Demsetz and Lehn (1985). Families tend to have longer investment perspectives, which leads to increased investment efficiency, according to James (1999). Long-term family ownership contributes to the development of a family's reputation, which may have an impact on their interactions with clients.

To use an example, Faccio, Marchica and Mura (2011) claim that businesses managed by a single under-diversified major shareholder make fewer risky investments than firms controlled by a diverse group of shareholders. Chua, Chrisman, Steier and Rau (2017) state in particular, when the majority shareholder is a family, a firm's risk behaviour may differ from that of other companies because family businesses have specific characteristics that distinguish them from other businesses in terms of ownership, governance, and objectives and Steier (2003) also agrees on the same perspective.

In order to uphold strong corporate governance standards within companies, it is essential for board members, especially the chief executive officer (CEO), to possess educational qualifications such as a degree(s) or postgraduate recognition. This enables them to effectively identify and assess the capabilities of the organisation. This would facilitate enhanced and dependable contact with the stakeholders (Bhagat, Bolton & Subramanian., 2010). According to the Gottesman and Morey (2006), managers with a greater level of education generally outperform their counterparts with a lower level of education. Furthermore, research by Ujunwa, Nwakoby and Ugbam (2012) discover that organisations with board members who hold PhD degrees have positive relationships with their customers and that such firms do better than their competitors, with these finding this study intend to investigate to find if it is consistent in the malaysian context.

However, it is imperative to bear in mind that exceptional managing skills are not necessarily acquired solely through attaining a high degree of academic credentials. Regarding distinction, the development of soft skills, like as entrepreneurial and leadership capabilities, often occurs but are not participating in non-academic activities. In fact, there have been report of Rohner (2017) that reveal fast-growing and high-performing enterprises that were created and managed by persons with only a high school diploma or less. These conflicting findings from earlier studies further confuse the significance of board educational qualifications, and these investigations are also comparatively rare in the scientific literature. Conducting research is crucial for assessing the potential influence of the educational credentials of CEOs and board members on corporate success.

There are multiple other factors which can have a significant impact on the risk taking behaviour of the CEO such as external market conditions, organizational culture, Internationalisation or innovation (Barker & Mueller, 2002; Romanelli, 1989; Sitkin & Weingart, 1995; WU et al., 2021), these are not taken for the study because this study specifically focuses to fill the gap of CEO personal characteristics and its ownership impact on the family firms performance which are extremely specific to CEOs of the firm.

Furthermore, the CEO who serves as the principal decision-maker in the family business is accountable for actions that have an impact on the wealth of all shareholders and other stakeholders. The CEO has completed control over the company's degree of risk-taking (Feltham, Feltham & Barnett., 2005). Various choices made by the company, such as those involving research and development (R&D), capital structure, and market expansion, demonstrate the company's risk-taking behaviour. By examining the debt levels of publicly traded family businesses, this study is able to better understand risk-taking behaviour. According to Horne (1980), debt has always been seen as a high-risk strategy, with growing amounts of debt increasing the likelihood of a company going bankrupt.

A bigger risk, on the other hand, raises the likelihood of a higher return. To the contrary, debt, according to Fombrun and Ginsberg (1990), is a predictor of corporate aggressiveness, which may be regarded the firm's propensity to adopt a risky position in the capital markets. The CEO and risk has been the subject of extensive attention, most of which has relied on demographic variables to establish the CEO's risk-taking proclivity (Barker & Mueller, 2002; Rajagopalan & Datta, 1996). According to Peni (2014), unique characteristics of the executives may have varying effects on their behaviour in different situations.

In accordance with the report conducted by Rohner (2017), it has been observed that there exists a connection between the performance of family-owned companies and their generational status. Specifically, younger family-owned companies, belonging to the first or second generation, indicate a substantially higher share price performance compared to their older counterparts. These younger firms generate an annual share price return of approximately 9%. However, as companies progress into the third generation of ownership and beyond, the returns diminish to less than 6.5%. It has been discovered that factors such as a CEO's age, education, gender, and generation all have an impact on his or her decision-making and risk-taking behaviour (Busija, 2006; Elsaid & Ursel, 2011; Faccio et al., 2016; Farag & Mallin, 2016; Martino, Rigolini & D'Onza., 2018; Ting, Azizan & Kweh., 2015). It is the goal of this research to control the firm-based factors that might have an impact on the results of CEO risk-taking behaviour, Such global findings are still relevant to the Malaysian context because to evaluate the impact of the CEO characteristcs on risk taking behaviour this study uses the level of debt against the equity and assets of the firms for growth of their busnesses and taking debts are not not restricted to any region (Busija, 2006).

Bertrand and Schoar (2003) demonstrate that top executives have distinct managerial styles that contribute to variances in performance, financial, investment, and other organisational policies and within organisations. This remains an open subject, as does the identification of the events and human characteristics that shape these managerial fixed effects. A focus on the chief executive with certain characteristics including age, gender, generation and educational level will be explored in this study against the risk-taking behaviour.

1.2.3 CEO Ownership Level and Risk Taking

According to Rohner (2017), investors do not appear to be overly worried about the level of ownership, but rather about the degree to which family members are involved in the regularly day-to-day operations of the business. In the view of this research, this is one of the most important factors that contributes to the success of businesses that are owned by families (Rohner, 2017). It is also possible to consider ownership structure as one of the factors that determines a company's performance. Additionally, ownership structure will assist in aligning the interests of the management with those of shareholders, which may result in a reduction of agency conflict. Ownership structure plays an important role in minimising the potential for a conflict of interest to arise between a controlling shareholder and a minority shareholder (Chen & Steiner, 1999).

Family ownership and CEO ownership are different because family ownership is the shareholdings of one family which can be multiple person of the same family whereas CEO ownership is the shareholdings of one person who can belong to the family of family firms or an professional CEO who doesn't belong to the founding or controlling family of the firm and it is a one person (Huybrechts et al., 2012; Tan et al., 2022).

There exist various forms of ownership structures that are widely associated with the environment of Malaysia, such as family ownership, managerial ownership, foreign ownership, and institutional ownership. Some of these structures are more prevalent than others. The impact of family ownership on a company's performance is the focus of this particular study. However, lack of consensus are still there on the generally accepted definition of a family business. Although some studies in the finance literature define a family firm as any public company in which the founding family or founder possess more than the 5% of the company (Anderson & Reeb, 2003), other research classify firms as family firms only Once the initial transition to the second generation has occurred.

Among the East Asian nations, Malaysia ranks third in terms of the concentration of control within companies, with Thailand and Indonesia taking the lead. This concentration originates mainly from the significant involvement of family members in the ownership and management of these firms. This ranking is based on the percentage of total firm ownership that is held by family members (Thillainathan & Cheong, 2016). The majority of Asian businesses are run by families, making family ownership a common kind of company structure. In Indonesia, Thailand, and the Philippines, the top ten families control approximately half of the assets held by corporations, whereas in Korea and Hong Kong, this number is closer to one-third (Claessens et al., 1999). In Hong Kong, the top 15 family-controlled businesses account for 84% of the country's gross domestic product (GDP), while in Singapore, the number is 48%, the Philippines is 46%, and Thailand is 39% (Morck et al., 2005). According to Amran and Ahmad (2011), family businesses make up over 70 percent of the companies that are listed on the Bursa Malaysia stock exchange and provide around 67 percent of nominal GDP to Malaysia (Fan, Tan, Guller, Garcia & Ouek., 2011).

Even though the ownership structure of a company can have an effect on both its value and its performance, it is still debatable as to whether or not external shareholders can have an effect on the future performance of a company (Shleifer & Vishny, 1997). For the purposes of the investigation, particular focus is placed on CEO ownership, which denotes the individuals who not only held shares but were also actively involved in the management of the companies (Ismail & Sinnadurai, 2012). Families that exert control over a corporation typically have significant equity shares and frequently have executive representation in the organisation.

Kim and Lu (2011) provided evidence on R&D that highlights the ways in which CEO ownership and external governance impact the performance of the company. The hypothesis that high wealth-performance sensitivity causes insufficient risk-taking is also empirically supported by the R&D results, and this hypothesis offers a risk-based explanation for the Q relation's negative slope. Based on the notion of risk taking, managers who commanded banks with small dispersed shareholdings were less likely to take aggressive risks than banks with large, dominant owners, or banks with easy control over management. According to earlier research, banks take more risks when they have large stockholders (John et al., 2008).

Academics are still divided on whether the presence of family ownership at a company has a beneficial or detrimental impact on the amount of risk taken by that company. According to research established in agency theory (Huybrechts, Voordeckers & Lybaert., 2012; Naldi, Nordqvist, Sjöberg & Wiklund., 2007; Su & Lee, 2012), the extent to which a family takes risks is mitigated when there is a high concentration of wealth within that family. In a similar vein, some academics (Gómez-Mejía et al., 2016) contend that family businesses in general engage in a lower level of entrepreneurial risk-taking. This is due to the fact that risky business strategies and investments can increase the possibility of the family losing its socioemotional wealth.

1.3 Problem Statement

There is a lack of clarity about which CEO characteristics influence risk-taking in family firms (Amran & Ahmad, 2011; Busija, 2006; Zahra, 2018). CEO characteristic and CEO ownership is the important determinant which drives the risk-taking behaviour which impacts on the firms performance (Amran & Ahmad, 2010). All the possible personal characteristics should be comprehensively researched such as Age, Gender, Education and Generation along with the CEO ownership which all are the primary determinant which can give an impact on the risk-taking behaviour (Amran & Ahmad, 2010). In research of Personality science by Ghosh and Ray (1992) has shown that there are significant differences between individuals when it comes to risk-taking behaviours. Age, gender, and personality are all factors that influence a person's risk inclination, and according to empirical research of Zahra (2005), family ownership in company management is associated with risk-taking behaviours, which calls for a research in which all the determinants of CEO characteristics and CEO ownership to be included.

In terms of whether a company's risk-taking degree is positively or negatively influenced by its family structure, there has been lack of consensus among researchers. According to Su and Lee (2012) by using agency theory when a family's wealth is heavily concentrated, the amount of risk-taking decreases. For the same reason, Martino (2018) argues that family enterprises are somewhat risk averse due to the possibility that aggressive investment and acquisitions may result in the loss of the family's socio-emotional capital. However, despite the fact that CEO characteristics and their effects on organisational outcomes have been the subject of extensive research. Conflicting finding by Zahra (2005) on the link between CEO characteristics and risk taking and lack of research which include the important determinant of CEO personal characteristics prompting a call for additional research into this topic (Kraiczy et al., 2015). In Malaysia, there is insufficient studies on the generation of CEOs who are members of their families or who are not. This study will aim to bring a result to address these conflicting findings by implementing the related variables such CEO age, gender, education, qualification and ownership and using in the Malaysian context among the Malaysian companies which is not thoroughly addressed in the previous studies. In the Malaysian context such variable has not been used widely for investigating the relationship between the CEO characteristics and CEO ownership for risk taking behaviour, in Malaysian context it is not known how the CEO different educational level will impact risk taking behaviour where as globally this has been investigated (Datta & Rajagopalan, 1998; S. K. Huang, 2013).

In addition, comparing various CEO educational levels across family CEOs and non-family CEOs is an important aspect in determining risk-taking behaviour among family CEOs. This study using the panel data regression model which is suitable for this type of data which is been collected from the annual reports of the companies and suitable model is chosen based on the outcome of those results. The educational level of the CEO in 3 different category such as degree, masters and professional qualification has not been addressed in the Malaysian context which will be investigated in this study.(Lee & Moon, 2016).

Although these studies recognise the significance of CEO personal characteristics in influencing the risk-taking behaviour of family firms, their analysis has been limited to a few specific CEO characteristics, including tenure, age, and familial connections (Hiebl, 2012). Despite the fact that there are crucial aspects, these characteristics are not precise enough to evaluate the link between the CEO characteristics and risk-taking behaviour in the workplace. Other critical attributes of a CEO that must be taken into account are not addressed in the present topic. The purpose of this study is to close the gap by investigating the CEO's age, education, gender, generation and ownership, as well as their effects on company risk-taking. It can fill the gap of addressing all the variable which is not been together investigated of CEO characteristics along with the ownership of the CEO (Zahra, 2018). understanding the influence of CEO characteristics on risk-taking can benefit stakeholders in family firms, such as investors, regulators, and policymakers by providing the results of the study to use for their stake holdings that certain CEO possess certain qualities or not based on the results of the study which can impact the company they are holdings their share and also for investors can examine the characteristics of the CEO to make a decision for their investment and policymakers can use it to pass a law making it to mandatory to hold a qualification for certain positions based on the positive or negative impact of the educational qualification.

1.4 Research Objectives

The main objective of this study is to investigate the relationship between CEO characteristics and CEO ownership with regards to risk-taking behaviours within publicly traded family firms. Therefore, the research objectives are as follows:

1. To identify the relationship between CEO age and financial risk-taking behaviour among publicly listed family companies.
2. To analyse the relationship between CEO educational level and financial risk-taking behaviour among publicly listed family companies.
3. To investigate the relationship between CEO gender and financial risk-taking behaviour among publicly listed family companies.
4. To examine the relationship between CEO generation and financial risk-taking behaviour among publicly listed family companies
5. To examine the level of CEO ownership and financial risk-taking behaviour among publicly listed family companies.

1.5 Research Questions

1. Does CEO age influence the financial risk-taking behaviour among publicly listed family companies?
2. Does the CEO educational level influence the financial risk-taking behaviour among publicly listed family companies?
3. Does the CEO gender influence the financial risk-taking behaviour among publicly listed family companies?
4. Does the CEO generation influence the financial risk-taking behaviour among publicly listed family companies?

5. Does the level of CEO ownership influence financial risk-taking behaviour among publicly listed family companies?

1.6 Significance of the study

It is hoped that this research will add to the continuing discussion on risk-taking in family businesses by exploring the effect of the CEO personal characteristics on the risk-taking behaviours of publicly traded family businesses. Therefore, it enhances comprehension regarding potential factors that exert influence on the risk-taking behaviour of family companies, in response to calls by (Gomez-Mejia et al., 2010; Huybrechts et al., 2012; Martino et al., 2018) to investigate the influences of CEO characteristics on publicly listed family companies' risk-taking behaviours in public listed family companies. The Malaysian context is important subject for this study due to the performance and huge impact of the Malaysian family firms to Malaysian economy and to its GDP and their outperforming nature to the non-family companies.

In this research, the study examines the debt level of a Malaysian family-owned firms in order to contribute to the debate concerning the upper echelons theory (UET) and the variables that impact risk-taking behaviour in general. In addition, various theoretical concepts such as Resource Dependence Theory (Hillman, Cannella & Paetzold., 2000), Human Capital Theory (Alpkan et al., 2010), and Socioeconomics Wealth (SEW) (Gómez-Mejía et al., 2016) are included in this research to explain the CEOs' risk-taking behaviour. This research also adds to the SEW literature by including individual preferences into the corporate sense of family businesses in order to better understand whether they migrate from the risk-seeking to the risk-averse activities and vice versa through the generations (Gómez-Mejía et al., 2016). The findings of this study have a practical relevance the family businesses can use the findings of this study to elect their CEOs after evaluating the characteristics of the candidates among their Childrens according to the vision of the company that who will be best suited to take such financial risk and who according to their characteristics doesn't suite to take financial risks for the firm. Family businesses can use this finding to determine if the age of the CEO is negatively significant then family firms can use this finding to choose at what age the CEO is willing to take more risk younger or older and according to that they can change their CEO from an old to young or young to old CEO.

This research examines a sample of 65 publicly traded Malaysian family businesses, including those managed by non-family CEOs and by those led by family CEOs, in order to better understand these connections. Also collected and analysed are the CEO's age, education level, gender, level of CEO ownership and generation, all of which are used to compare the impact of CEO personal characteristics on the company's financial leverage (debt level), which is determined by the debt-to-equity ratio (Busija, 2006) and debt-to-asset ratio (Busija, 2006; Cain & McKeon, 2016; Farag & Mallin, 2016; Ting et al., 2015). These 65 family firms are the surviving family firms across the industries which are selected based on the survival of these companies on the Malaysian stock exchange in last 20 years and has not been delisted during this period from bursa Malaysia which can provide the rationale reason to use them for this study because it reflects their stability which can provide the accuracy in the results.

The educational level is further divided into three categories: undergraduate degree, postgraduate degree, and professional qualification, which may aid in analysing the influence of various educational levels on risk-taking behaviour among

CEOs. The research conducted in this study adds to the literature on Malaysian family businesses and overview to the stakeholders by analysing the impact of CEO generation and risk-taking behaviour on the performance of family businesses (Amran & Ahmad, 2010).

The conflicting findings in the literature have refocused the topic and prompted a study of additional variables that may impact the strategic risk-taking of family businesses to be conducted in the future. Since the level of risk-taking differs from one family company to another, searching for new variables may assist in finding the factors that may be contributing to these differences and determining their reasons. By empirically examining the influence of CEO characteristics on a company's risk-taking in the framework of family firms in Malaysia, this research hopes to make a significant contribution to this area of study.

1.7 Definition of Key Terms

1.7.1 Chief Executive Officer (CEO)

In the context of family businesses, the Chief Executive Officer (CEO) is frequently the company's largest shareholder, someone who is primarily responsible for determining strategic goals and plans for the corporation, as well as driving efforts to bring those plans to fruition. The CEO has completed control over the company's level of risk-taking (Gioia & Chittipeddi, 1991; Martino et al., 2018).

1.7.2 Characteristics

Personal characteristics of a CEO, such as age, education, gender, and generation, have an impact on the outcomes of companies and their willingness to take risks (Barker & Mueller, 2002; Nelson, 2005; Orens & Reheul, 2013).

1.7.3 Age

Individuals' psychological and social changes, including those influencing mental functioning and personality, as well as changes in a person's roles and behaviour, are referred to as "psychological and social transformations", the length of time during which a being or thing has existed; length of life or existence is known as age (Novak, 2018; Ting et al., 2015).

1.7.4 Educational Level

Education levels provide a learning structure and environment that correspond to the human developmental stages. Each level equips students with the knowledge that's necessary for them to proceed to the next level of education. The levels vary in their duration, requirements, and curricula. Possession of an undergraduate or graduate degree, with postgraduate specialization, or of a professional qualification by the CEO Individuals' education can shape their cognition and productivity, and as a result, the decisions they make can be influenced. The CEO's willingness to take risks can be influenced by his or her level of education (Ibrahim, Zulkafli & Jabeen., 2020; Martino et al., 2018; Romanelli, 1989; Terjesen, Sealy & Singh., 2009).

1.7.5 Gender

The qualities of women and men that have been historically and socially formed, such as gender norms, behaviours, and roles associated with being a woman or a man. Gender can differ from one society to another and can change through time as a result of cultural evolution, different gender have different quality of risk taking where a male will always inclined to take financial risk in comparison with female (Abor & Biekpe, 2007; Lima et al., 2018)

1.7.6 Generation

A generation is the period of time, usually considered to be about thirty years, that it takes for children to grow up and become adults and have children of their own, Individuals within a single family, spanning different generations, might possess differing outlooks, values, financial goals, and non-financial aspirations. These variations can potentially impact the way they approach taking risks. (Salvato, Chirico & Sharma., 2010).

1.7.7 Firm Size

The natural log of the book value of the firm’s market capitalization is used to calculate the size of the organization (Anderson & Reeb, 2003; Ibrahim & Samad, 2011; Martínez et al., 2016; Zainal, Zulkifli & Saleh., 2013).

1.7.8 Firm Age

The age of the company is represented by the year in which the company was founded and began operations (Farag & Mallin, 2016; Hansen, 1992).

1.7.9 Risk Taking Behaviour

Risk-taking behaviour can be defined as any consciously or unconsciously regulated behaviour that is motivated by a sense of uncertainty about the potential outcome, it can also be defined as taking the debt against the company’s asset or equity creates a uncertain outcomes. Taking debts against its equity or its assets are considered as risk taking behaviour. (Baird & Thomas, 1985; Bran & Vaidis, 2019).

1.7.10 Debt Level

Firm aggressiveness and its propensity to take a riskier position in the capital markets are measured by this indicator. Debt is a risky approach, as increasing levels of debt increase the likelihood of a company going bankrupt (Fombrun & Ginsberg, 1990; Horne, 1980).

1.7.11 Debt-to-Equity (D/E) Ratio

The leverage ratio is calculated by comparing the total amount of debt to total amount of equity. It is a ratio that is used to determine the borrowing capacity of a corporation when borrowing money and it is expressed in the numeric. (Ashari, 2018; Busija, 2006).

1.7.12 Debt-to-Asset (D/A) Ratio

The leverage ratio of debt-to-asset is calculated by comparing the total amount of debt to the total amount of assets. Essentially, it quantifies the proportion of a corporation's assets that is financed (Cain & McKeon, 2016; Farag & Mallin, 2016; Ting et al., 2015).

1.7.13 Publicly Listed Family Companies

Companies which are controlled by the one family and it is listed on the stock exchange, Corporate shareholders and family members own a considerable portion which can be the most amount of share held by one family among its shareholders of the companies that are publicly traded on the Bursa Malaysia, Granting them significant authority and control over the company's operational activities. (Busija, 2006; Ibrahim & Samad, 2011).

1.7.14 Board Size

The term "board size" pertains to the quantity of directors comprising the board. It is argued that larger boards are considered more advantageous compared to smaller ones because larger groups possess greater capabilities, resources, and broader networking opportunities (Haleblian & Finkelstein, 2017).

1.8 Organization of the Study

The subsequent content outlines the framework of this research. Chapter 1 aims to provide a broad perspective on the research's focus, including an explanation of the research topic, its context, and the rationale behind the investigation. Chapter 2 offers a comprehensive review of prior theoretical and empirical research pertaining to the relationship between CEO characteristics and CEO ownership with risk-taking behavior within publicly traded family businesses and it will review the literature on the relationship between CEO characteristics such as age, gender, generation and education level with risk-taking behavior in family firms. Chapter 3 is dedicated to presenting the methodology for the upcoming research where panel data has been used to get the regression results, encompassing details on the sample selection, the specific variables under examination, and the data analysis techniques employed. Chapter 4 analyses and summarizes the results and discusses the importance of the findings. Chapter 5 provides conclusions discovered from the study, limitations of the study, and recommendation for future research.