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Does the influence of the family have any effect? Analysis of the executive compensation of family and nonfamily companies

A influência da família tem algum efeito? Análise da remuneração dos executivos das empresas familiares e não familiares

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Keywords
Executive Compensation.
Family business.
Variable pay.
Total compensation.

Abstract

This study investigates whether the presence of the family in the company influences the executive compensation of Brazilian family companies in comparison to non-family businesses. In family businesses, the objectives may be focused on preserving family values, and the attribution of compensation to executives tends to be differentiated from non-family businesses. The results, obtained from the analyses of 110 Brazilian public companies from 2010 to 2016, show that family influence, resulted from the presence of the family in the company, is directly related to executive compensation. This result suggests that total compensation and variable pay are lower in family firms, if compared to non-Brazilian companies.

Palavras-chave
Remuneração Executiva.
Empresas familiares.
Remuneração variável.
Remuneração total.

Resumo

Este estudo investiga se a presença da família na empresa influencia a remuneração executiva, cujo objetivo pode estar voltado para a preservação dos valores da família. Os resultados obtidos, a partir da análise dos dados de 110 empresas brasileiras de capital aberto, durante 2010 a 2016, mostram que a influência familiar, captada pela presença da família na empresa, possuí relação direta com a remuneração fornecida aos executivos. Tal resultado indica que tanto a remuneração total quanto a remuneração variável de executivos são menores nas empresas familiares, e uma menor proporção da remuneração variável em seus sistemas de incentivos se comparadas às empresas não familiares brasileiras.

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Practical implications

Executives, human resource controllers and specialists in performance appraisal and executive compensation may be interested in considering the effect that the presence of the family in the control and management of family businesses may have on the compensation of executives. Incentives for executives in family businesses may be less intense in pecuniary compensation, which is why this will not always be the main element in the alignment of interests, generating different designs and structures of performance evaluation.

1 INTRODUCTION

The contractual relationship has as premise that the principal delegates to the other person (agent) the execution of a service that implies in the delegation of some decision-making power (Jensen & Meckling, 1976). To monitor and align interests, the principal can promote control and try to reduce the agent's irregular activities (Holmstron & Milgrom, 1991; Jensen & Meckling, 1976; Wiseman & Gomez-Mejia, 1988). .

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Thus, to reduce agency problems, it is necessary to seek an ideal contract between managers and shareholders, so that the satisfaction of both and their objectives can be achieved (Jensen & Murphy, 1990). However, the presence of the family, both in control and among executives, may introduce additional objectives other than maximizing the economic outcomes.

Characterized as an agency relationship, executive compensation is considered an instrument used to mitigate problems between executives and owners based on the alignment of interests (Murphy, 2012). Compensation can be defined as the monetary value resulting from the work performed by contract employees (Schwartz, 1996), to align interests, allocate efforts and achieve the objectives for which they are responsible (Beuren, Silva & Mazzioni, 2014; Silva, 2015).

The characteristics that differentiate a family business from a non-family business are: the origin of the company, the history of the founding family, and the objectives and plans, which are maintained according to the perspectives of family members so as to preserve the organization's continuity and socio-emotional wealth (Memili, Misra, Chang & Chisman, 2013; Silva, 2015; Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson & MoyanoFuentes, 2007). Once the influence of the family permeates the organizational objectives, it shapes the values and objectives of the company, inserting the maintenance of the family's wealth itself among them (Silva, 2015). Thus, seeing as family firms have predominant and peculiar characteristics, characterized by the involvement of the family in control, ownership and management (Mazzi, 2011), executive compensation may have different characteristics and different roles in these companies (Speckbacher and Wentges, 2012).

In Brazil, there are still few studies on this subject, since access to data on executive compensation in Brazilian companies used to be restricted or non-existent. Only since 2009 the disclosure of some information became mandatory (Silva, 2010). Given this context, the issue of executive compensation has been increasingly gaining ground in national research, including the relationship between compensation and other aspects of the business environment (Santos & Silva, 2017).

The present research investigates the influence of family control on executive compensation in Brazilian publicly traded companies, from 2010 to 2016. Data for the period between 2010 and 2016 were collected from item 13.2 of the reference form published by 110 Brazilian publicly traded companies (from various sectors, except the financial one), as well as from the Corporate Information Systems database. The companies were classified in relation to the presence of the family, and executive compensation was compared between family and non-family businesses. The results indicate that the presence of the family simultaneously in the control, ownership and management of these companies is associated with lower executive compensation, which would denote that the executives of these organizations are motivated by something else.

2 THEORETICAL FRAMEWORK

Although there is no single concept about what represents a family business, it is known that in these companies, the family, in addition to participating predominantly in the ownership and control of the company and also being among the executives, influences management by relying on emotional factors (Berrone, Cruz & Gomez-Mejia, 2012; File & Prince, 1996; Gomez-Mejia, Cruz, Berrone & De Castro, 2011). Among these emotional factors, a sense of security arises from the family's monopoly in the company's management (File & Prince, 1996; Chisman, Chua, Pearson & Barnett, 2012). Another emotional factor is the fact of the preservation of business within the family being related to the insertion of family members into management via succession (File & Prince, 1996; Tagiuri & Davis, 1996). These emotional characteristics of security and preservation of business differ between family and non-family firms (File & Prince, 1996).

For Mazzi (2011), the criteria necessary for an organization to be considered a family business or not can vary significantly, giving rise to broader or narrower definitions. Thus, to determine if a company is a family business, it is fundamental to observe the dimensions that surround its organizational environment – power, experience and culture (Mazzi, 2011).

Power is characterized by the way the firm determines its policies of governance, ownership, and the level of the family's participation in management (Chrisman, Devaraj & Patel, 2017; Mazzi, 2011; Chisman, Chua, Pearson & Barnett, 2012). The dimension of experience is characterized by family business successions, involving the participation of family members in management and in the board of directors to maintain the perpetuity of business (Mazzi, 2011; Memili, Misra, Chang & Chisman, 2013).

Finally, the dimension of organizational culture emphasizes the affective values related to business and to the family's commitment to the company (Mazzi, 2011). Culture also involves the preservation of socio-emotional wealth, due to the affective value assigned by the family to the company and to other family members, and also its longing for the maintenance of family business successions (Memili, Misra, Chang & Chisman, 2013; Silva, 2015).

Therefore, it can be said that family companies feature the involvement of the family in their structure of ownership, control and management, aiming not only at economic benefits, such as the maintenance of wealth within the family, but also non-economic benefits, such as the perpetuity of family business successions and the preservation of socio-emotional wealth, unlike in non-family businesses. Therefore, in family companies, the planning, management and even the compensation of employees can be defined differently when compared to non-family companies.

Compensation is the monetary reward provided by the organization in return for the work performed by the individuals it has at its disposal (Baker, Jensen & Murphy, 1988; Dutra & Hipólito, 2012). In general, the main components that involve compensation can be defined as: (i) fixed pay; (ii) variable bonus; (iii) bonus payment; (iv) option to participate in shares; (v) indirect benefits; and (vi) saving plans. The sum of all or some of these variables can be defined as the total compensation to be received (Murphy, 1985).

Compensation can positively influence the employees' behavior in favor of the company's interests, which usually refer to the perpetuity of the organization and to the maximization of results (Chênevert & Tremblay, 2009). It is a mechanism that is capable of attracting, retaining and motivating various levels of the organization and, consequently, providing benefits to the company, including the efficiency and success of business (Balkin, Gomes-Mejia, 1987; Bender & Moir, 2006). Thus, compensation represents one of the main tools for the management of companies. Compensation acts as a guide for the alignment of interests between owner and executives, allowing the allocation of efforts to achieve goals (Beuren, Silva & Mazzioni, 2014; Silva, 2015).

In family businesses, organizational goals are centered on family interests, and this promotes the creation of socio-emotional wealth, involving the preservation of family values: harmony and reputation, which tend to influence executive compensation (Gómez-Mejía et al., 2007). Socioemotional wealth represents the affective values assigned by the family members to the organization, the emotional relations between them and the desire for the perpetuity of family business successions (Memili, Misra, Chang & Chrisman, 2013). Thus, the propensity for executive compensation tends to be provided at a lower level in family firms.

H1: Family businesses tend to pay their executives less, compared to non-family businesses.

When the autonomy of the families in control assumes high levels, incentives tend to be smaller, since they may empower executives and influence the discretionary family to act according to their interests (Memili, Misra, Chang & Chisman, 2013). It is assumed, therefore, that in family firms, the evaluation process is more arbitrary, which may suggest that discretion in the provision of incentives has a reducing effect (Speckbacher & Wentgens, 2012; Silva, 2015).

In addition, when family influence predominates in terms of ownership and management, the tendency is for executive compensation to be smaller, so as to preserve social-emotional wealth (Memili, Misra, Chang & Chisman, 2013), because management and ownership may coincide, at least in part, which would lead to the lower use of incentives for the alignment of interests (Gomez-Mejia, Larraza-Kintana & Makri, 2003).

H2: Family businesses tend to use a lower variable pay ratio in their executive compensation plans when compared to non-family businesses.

3 DATA AND METHOD

The data required to carry out this study were obtained by reading item 13.2 of the reference form of the Brazilian companies listed in B3, disclosed by the Brazilian Securities Commission (CVM), and also extracted from SInC – Corporate Information Systems, for the period from 2010 to 2016. The sample is composed of 110 companies, as shown in Table 1.

All companies that did not disclose the information necessary for this research during the analyzed period were excluded from the sample. In addition, companies in the financial sector were not included, as these institutions are known to compensate their executives with the highest salaries among companies, due to the risks assumed by these organizations (Aduda, 2011).

Table 1. Descriptive analysis of the study variables

Economic sector	Número de empresas
Industrial goods	20
Cyclical consumption	31
Non-cyclical consumption	7
Primary materials	13
Oil, gas and biofuels	1
Health	6
Information technology	4
Telecommunications	3
Public interest	25
Total	110

Source: Prepared by the authors.
Note: Economic sectors were extracted from B3..

The companies in the sample were classified in family and non-family companies, based on their control, contract, ownership and management. Family control was observed according to the percentage of common shares owned by the controlling shareholders. Family ownership was observed according to the percentage of family members identified as controlling shareholders in the reference form (1 if superior to 15% of the common shares). The family's presence in management was verified based on the presence of its members in the board of directors. The sources, as well as the differentiation of the criteria that were used for the family companies' classification, are described in Table 1. It should be emphasized that in this study, family companies were identified based on the presence of the family simultaneously in the control, ownership and management of the organization.

Criterion	Description	Source	Reference
Control	Existence of percentage of common shares owned by the controlling shareholders.	Reference Form – Items 12.9 and 15.1/2	La Porta; Lopez-De-Silanes and Shleifer (1999); Martinez and Ramalho (2014) Silva; Souza and Klann (2016)
Ownership	Family ownership was considered in the case of family members owning more than 15% of the common shares.	Reference Form – Items 12.9 and 15.1/2	La Porta; Lopez-De-Silanes and Shleifer (1999); Martinez and Ramalho (2014) Silva; Souza and Klann (2016)
Management	If any member of the family is part of the Board of Directors.	Reference Form – Items 12.9 and 12.6/8	La Porta; Lopez-De-Silanes and Shleifer (1999); Martinez and Ramalho (2014) Silva; Souza and Klann (2016)

Chart 1. Criteria for classification of family businesses
Source: Prepared by the authors.
Note: The companies are considered family businesses if the 3 criteria are simultaneously met.

The lowest mean total compensation provided to executives, as shown in Table 2, was around 25 thousand reais, and refers to company ENERGISA S.A., characterized as a non-family company within the public utility sector. On the other hand, the highest mean total compensation granted to executives was 25.312 million, paid by VALE S.A., characterized as a non-family company in the primary materials sector of B3.

Table 2. Descriptive statistics of the quantitative variables

Variable	Obs.	Mean	Standard deviation	Min.	Max.	Family companies	Non-family companies
Family Company (= 1)	770	0.37	0.48	0.00	1.00	41.00	69.00
Mean total compensation (year)	770	2.30	2.35	25.03	25.31	1.73	2.63
Mean variable pay (year)	770	1.10	1.47	1.72	17.99	0.77	1.31
Variable pay ratio	770	0.40	0.26	0.00	4.58	0.39	0.43
Evaluation of individual performance	770	0.70	0.46	0.00	1.00	0.62	0.73
Evaluation of organizational performance	770	0.98	0.15	0.00	1.00	0.99	0.96
Financial valuation	770	0.98	0.15	0.00	1.00	0.99	0.96
Non-financial valuation	770	0.65	0.48	0.00	1.00	0.59	0.68
Evaluation of long-term performance	770	0.62	0.49	0.00	1.00	0.54	0.60
Evaluation of short-term performance	770	0.96	0.20	0.00	1.00	0.97	0.95
Size (net million R$ sales)	770	7.23	13.28	941.00	101.49	3.810	9.26
Number of executives	770	6.13	3.03	2.00	31.83	6.05	6.18

Source: Prepared by the authors.

The dependent variables refer to the annual mean total compensation, the annual mean variable pay, and the ratio of the variable compensation paid to the Statutory Board in the analyzed period. For the estimation of the mean total compensation, the total (fixed and variable) compensation paid in the year was divided by the number of board members. The mean variable pay was estimated from the sum of bonus compensation, profit share, participation in meetings, commissions and stock-based compensation, and later divided by the number of Board members for each year of the sample. Minimum amounts such as R$ 1.7 thousand/year are possible due to compensation being variable. Working with the mean values identified, which correspond to the total paid to the statutory board divided by the number of directors, eliminates the differences in salaries observed between directors of a same company. At the same time, it maintains the comparability between companies. Finally, the variable pay ratio variable refers to the ratio between the mean total variable pay and the mean total compensation.

The independent family company variable was added to the model based on the classification of the family's presence simultaneously in the control, ownership and management of the company (Table 1), to test the relationship between executive compensation in family versus non-family businesses. In addition, other variables were used to explain the use of indicators in various types of performance evaluation (1 present, 0 not present in the company), among them: individual, organizational, financial, non-financial, long-term and short-term evaluations. The evaluation's presence was detected by reading the reference form, in which the company confirms the use of these indicators for the attribution of compensation to its Statutory Board.

Control variables of the company's total net sales and the number of executives composing the statutory Board of Directors for each year of the sample were used to reduce sample heterogeneity.

4 RESULTS AND DISCUSSION

Regarding the mean variable pay, the lowest amount, which was 1,700 reais in 2013, referred to company ENERGISA S.A. In contrast, the highest value was around $ 17,994 million in 2014, paid by company ESTÁCIO PARTICIPAÇÕES S.A., which belongs to the cyclical consumption sector of B3. This indicates that both the lowest and the highest variable executive compensations were paid by non-family companies.

It is important to note that, according to item 13.2 of the reference form, the number of executives in the sample may not be presented in whole numbers, due to the turnover of executives in the period. Therefore, if an executive leaves the company during the year and is not replaced, the quantity is informed in the reference form proportionally to this executive's length of stay in the company. The descriptive analysis of the mean total compensation and variable pay variables is presented in Table 3.

Table 3. Analysis of the annual mean executive compensation by type of company and year (thousands R$)

Compensation (annual)	Companies	2010	2011	2012	2013	2014	2015	2016
Mean total compensation	Family companies	1,224	1,467	1,587	1,873	1,784	1,883	2,188
	Non-family companies	2,134	2,433	2,281	2,466	2,741	3,157	3,445
Mean variable pay	Family companies	583	688	719	897	729	790	988
	Non-family companies	1,166	1,130	1,184	1,246	1,561	1,507	1,726

Source: Prepared by the authors.

For non-family companies, the highest and lowest total compensation received was 3.4 million in 2016 and 1.2 million in 2010, respectively. During the period analyzed, the non-family companies also offered a greater variable pay ratio to their executives, when compared to the family companies. That is, while in the non-family companies variable pay was 1.7 million in 2016 on average, in the family companies, the mean value received was 988 thousand, which indicates that family businesses tend to pay executives in a variable way less often when compared to non-family businesses.

Sperman's correlation (Appendix A) shows a negative and significant correlation between the executives' variable pay and the dummy variable of family companies (-0.134 p-value > 0.00). In the Mann-Whitney mean test (not shown), it was observed that the family companies compensate their executives to a lesser extent than the non-family companies in the sample, both in relation to total compensation and variable pay.

Memili, Misra, Chang and Chisman (2013) investigated whether the influence of socio-emotional wealth on the environment of family companies determines the limits of the variable pay offered to executives. The results indicated that the existence of traditional goals to preserve the family's influence may impact the provision of variable pay to executives.

To detect the influence of the family on executive compensation, a test structure recommended by Fávero, Belfiore, Takamatsu and Suzart (2014); Fávero and Belfiore (2017) and; Hilbe (2009) was followed. Comparing the Hausman test's fixed and random effects (not shown), it may be noted that the random effects model is more adequate, with significant results in the models of mean total compensation (Chi2 = 9.38; Prob Chi2 > 0.3110), variable pay (Chi2 = 8.78, Prob Chi2 > 0.3610), and variable pay ratio (Chi2 = 9.75, Prob Chi2 > 0.2830). The estimation of random effects is presented in Table 4, with correction for the autocorrelation of residuals and robust standard errors.

The family companies' total compensation and variable pay were thus lower, as was the variable pay ratio in their incentive systems. These findings corroborate those of Gomez-Mejia, LarrazaKintana and Makri (2003), according to whom the total compensation received by executives of family companies is lower than that received by executives of non-family companies, to the extent that the concentration of family ownership in the company increases due to the maintenance of wealth among family members. McConaughy (2000) points out that incentives for executives in family businesses are smaller due to the family's alignment of interests.

This result is supported by Chen's research; Hsu; Chen (2014), who found that family-owned firms offer a lower variable pay ratio to executives because the agency relationship in family companies is not as predominant. Gomez-Mejia, Larraza-Kintana & Makri (2003) do not analyze in a comparative way the compensation of family versus non-family executives, and how the family bond tends to protect executives. In addition, the authors showed that the compensation of family executives tends to be more isolated from market risk.

The hypothesis was based on the assumption that in family companies, because the organizational goals and objectives are centered on the family's interest, this would provide lower compensation to the executives of the statutory board (Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson & Moyano-Fuentes, 2007). This is justified by the fact that, when the management and ownership of family companies coincide at least in part, the provision of executive compensation tends to be affected (Chrisman; Memili, Chang & Misra, 2014).

Table 4. Results of the estimation with random effects and autocorrelation of residuals and robust standard errors (for models of compensation in family companies)

	Mean total compensation **Autocorrelation**	Mean variable pay **Robust**	Variable pay ratio **Robust**
Family companies	**-1110758*** **	**-784102.1*** **	**-0.1017** **
	(319389)	(224728.1)	(0.0418)
Evaluation of individual performance	-218366.8	10242.76	0.0288
	(254984.2)	(134372.3)	(0.0301)
Evaluation of organizational performance	742703.8	**911879.7*** **	**0.0678** **
	(964345.7)	(163615)	(0.0338)
Evaluation of financial performance	-572672	**-455151.8** **	-0.0007
	(966054)	(220046.1)	(0.0448)
Evaluation of non-financial performance	**480700.9** **	121453	-0.0354
	(234063.9)	(145269.9)	(0.0277)
Evaluation of long-term performance	**974102.2*** **	**506971.2*** **	**0.0577** **
	(208517)	(125732.4)	(0.0257)
Evaluation of short-term performance	-741938.3	**-692673.2** **	-0.1011
	(530010.4)	(311697.7)	(0.0672)
Ln Size (Net Sales)	**384442.2*** **	**167442.9** **	0.0170
	(78334.49)	(61710.48)	(0.0109)
Number of executives	**-142169.9*** **	**-46103.76* **	-0.000
	(35285.5)	(25720.64)	(0.0036)
R2	0.4878	0.4096	0.2796
Obs.	770	770	770
Groups	110	110	110
	Economic sectors		
Cyclical consumption	**277675.1** **	358141.6	0.0661
	(416675.9)	(293026.5)	(0.0524)
Non-cyclical consumption	**1761544** **	**888922.9** **	0.0149
	(619517.9)	(427553.2)	(0.0537)
Primary materials	**1338964*** **	**675973* **	0.0639
	(504594)	(355311.1)	(0.0589)
Oil, gas and biofuels	2507200	**498242.1* **	0.110
	(1423785)	(259437.5)	(0.0470)
Health	-226639.1	-149405.2	-0.0010
	(644996.9)	(312725.7)	(0.0643)
Information Technology	360654.8	-55707.38	-0.0416
	(785465.4)	(312058.3)	(0.0860)
Telecommunications	1310630	-222387.5	**-0.1120** **
	(861752.6)	(330219.8)	(0.0433)
Public interest	**-997642.3** **	**-642844.8** **	**-0.1251** **
	(428975.8)	(263666.1)	(0.0441)

Source: Prepared by the authors.

Note: The coefficients' standard error is shown in parentheses. *, ** and *** indicate 10%, 5% and 1% significance levels, respectively. The results of the Wooldridge test indicate that autocorrelation was not a problem for the models of mean variable pay and variable pay ratio. Thus, the null hypothesis that there is no autocorrelation in these econometric models is accepted, since the p-value of the mean variable pay model (0.6120) and of the variable pay ratio model (0.5843) is greater than 0.05, indicating the absence of autocorrelation between the regression's residuals. On the other hand, the mean total compensation model showed autocorrelation problems, as its p-value was 0.0405. To test the presence of heteroscedasticity, the maximum likelihood estimator was used in the panel regression's residuals. The results of the test, shown in Table 4, indicate that, for the models of mean total compensation, mean variable pay and variable pay ratio, the errors are not homoscedastic, with the presence of heteroscedasticity prevailing, indicating that the error's conditional variance is constant in t, and therefore all models will be estimated with a robust standard error (Fávero et al., 2014)

Regarding H2, the results suggest that Brazilian family companies use the variable part of compensation less often when compared to non-family companies. A predominant factor in a family business environment, the family's alignment of interests involves the use of more traditional and economic goals, directly affecting the managerial control system and the performance of executive compensation systems (Mc Conaughy, 2000; Memili, Misra, Chang & Chisman, 2013). In addition, the family's autonomy in the company reduces the incentives offered to executives (Memili, Misra, Chang & Chisman, 2013).

5 CONCLUSION

The objective of this study was to verify if total compensation and variable pay are lower in Brazilian family companies, compared to non-family companies. International studies state that family companies tend to pay executives less compared to non-family companies, because the agency relationship is not as predominant in this type of organization.

The analysis of the results allowed verifying the family's influence on executive compensation, in relation to both total compensation and variable pay, as well as the lower variable pay ratio in executive compensation. This finding indicates that Brazilian family companies use executive compensation as an element of the alignment of interests less often compared to non-family companies. This may be relevant and should be analyzed during the design and configuration of performance evaluation systems and consequent offering of incentives to executives.

In addition, the family's participation in the organization's decisions may cause the need for the alignment of interests to occur more naturally. These reflections may be of interest to the professionals responsible for designing the elements of control, performance evaluation and reward, who may consider that even in large organizations with complex structures, the family's control and its presence in management may lead to the replacement of pecuniary rewards with alternative sources of alignment of interests.

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APPENDIX A - Spearman's Correlation

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Mean total compensation (1)	1											
	0.0000											
Mean variable pay (2)	0.924	1										
	0.0000	0.0000										
Variable pay ratio (3)	0.545	0.793	1									
	0.0000	0.0000	0.0000									
Family company (4)	-0.146	-0.134	-0.063	1								
	0.0000	0.0002	0.0786	0.0000								
Individual performance evaluation (5)	0.160	0.159	0.127	-0.118	1							
	0.0000	0.0000	0.0004	0.0011	0.0000							
Organizational performance evaluation (6)	0.089	0.106	0.084	0.098	0.228	1						
	0.0132	0.0033	0.0202	0.0068	0.0000	0.0000						
Financial valuation (7)	0.064	0.076	0.057	0.102	0.235	0.913	1					
	0.0751	0.0347	0.1121	0.0048	0.0000	0.0000	0.0000					
Non-financial valuation (8)	0.087	0.050	-0.019	-0.099	0.423	0.132	0.158	1				
	0.0162	0.1670	0.5946	0.0061	0.0000	0.0002	0.0000	0.0000				
Long-term performance evaluation (9)	0.393	0.413	0.319	0.041	0.303	0.193	0.163	0.057	1			
	0.0000	0.0000	0.0000	0.2518	0.0000	0.0000	0.0000	0.1152	0.0000			
Short-term performance evaluation (10)	0.045	0.054	0.036	0.049	0.253	0.599	0.624	0.253	0.031	1		
	0.0000	0.1361	0.3143	0.1782	0.0000	0.0000	0.0000	0.0000	0.3884	0.0000		
Size (net sales) (11)	0.381	0.338	0.170	0.125	0.091	0.121	0.149	0.074	0.182	-0.275	1	
	0.0000	0.0000	0.0000	0.0000	0.0005	0.0119	0.0008	0.0000	0.0404	0.0000	0.0000	
Number of executives (12)	0.049	0.074	0.096	0.149	0.004	0.019	0.129	0.194	0.090	-0.080	0.401	1
	0.1789	0.0397	0.0078	0.0261	0.0000	0.9064	0.6049	0.0003	0.0000	0.0122	0.0000	0.0000

Source: Prepared by the authors.
Note: The p-value is shown below the correlation coefficient estimated.