

Evaluating the Effectiveness of Stewardship Theory over Agency Theory in Emerging Markets: Evidence from Bangladesh

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Corporations in emerging economies are dominated by agency theory as a corporate governance mechanism. Due to several privatized firms' ineffectiveness within emerging economies, this paper argues that other approaches or theories need to be tested as an alternative to agency theory. Thus, this article explores the relevance of stewardship theory in emerging economies as an alternative to agency theory. Extensive literature review and a questionnaire survey were done to investigate the applicability of stewardship theory in emerging nations. The convenience sampling technique was adopted as a means to collect primary data. A well-representative sample, which includes both corporate managers and academicians, was used to survey the questionnaire. Then, a simple OLS regression model has been used to investigate the impact. In this model, corporate governance has been used as a dependent variable and six critical socio-psychological factors of emerging markets have been used as independent variables. Results show that all the socio-psychological factors harm corporate governance, casting doubt on the stewardship theory's appropriateness as a replacement of agency theory in emerging economies. Therefore, this paper argues that despite being substantially popular in advanced countries, stewardship theory is not a suitable alternative to agency theory in emerging nations.

Keywords: *Stewardship Theory, Agency Theory, Corporate Governance, Emerging Markets, Bangladesh.*

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1. Introduction

To elucidate and conceptualize the critical function of the agents, including managers and directors of companies, several corporate governance theories have been proposed by academicians and practitioners. Agency theory has been the most dominant, especially in emerging nations, since groundbreaking work by Jensen and Meckling (1976) (Daily, Dalton, & Cannella Jr, 2003; Zajac & Westphal, 1998). Agency theory maintains that principals who employ agents to direct the company on their behalf engender agency costs due to the interests of principals and agents often diverge (Jensen & Meckling, 1976). Stewardship theory, one of the popular theories in Western countries, has been proposed and presented in the place of agency theory in the corporate governance literature (Keay, 2017). Differing from agency theory which focuses on control and conflict of the agents and the principles, stewardship theory focuses on cooperation and collaboration, providing a non-economic premise to explain the relationships (Sundaramurthy & Lewis, 2003). Moreover, stewardship theory eliminates those problems which are identified by the agency theory (Keay, 2017). Agency theory argues that if appropriate accountability is ensured then shareholders' interests get protection; on the flip side, stewardship theory argues if the incumbents are empowered then shareholders' interests are maximized (Donaldson & Davis, 1991)

Since the corporate governance experts have been criticized agency theory in various aspects (Donaldson, 1990; Müller, 1993), the core objective of this article is to inspect the applicability of the stewardship theory in the emerging economies' context. Through a comprehensive literature review and a survey among the stakeholders, this article aims to explore the relevance of stewardship theory to agency theory in emerging economies as a corporate governance mechanism.

2. Methodology

This research has been done in two phases. In the first phase, the authors did an extensive desktop review of the existing literature on corporate governance theories, board accountability, and cross-cultural psychology to identify the factors which may lead to choosing different corporate governance methods. The literature search was especially focused on the two methods: agency theory and stewardship theory.

In the second phase, a structured questionnaire was prepared and surveyed by the authors to investigate the potentiality of applying the stewardship theory of corporate governance in the context of Bangladesh, one of the emerging countries in South Asia.

The authors have used the “convenience sampling” method in this study because the participants were selected based on availability and willingness to take part. Authors acknowledge that although the results might be prone to significant selection bias because those who volunteer to take part may be different from those who choose not to (volunteer bias), but useful findings can be obtained through this method. The participants include both corporate managers and academicians who have a clear knowledge of corporate governance and its methodologies.

The questionnaire has a total of 27 questions and is divided into six main sections to investigate different socio-economic factors’ impact on corporate governance practices in Bangladesh.

3. Literature Review

3.1 Agency Theory

The agency theory can be defined as an agreement between the principals, the owner of the resources of the company, who engage the agent to manage the proper use and control of the resources. To act on behalf of the principals, the agents are empowered with some decision-making authority (Jensen & Meckling, 1976). In this contractual relationship, principals and agents are the critical players of analysis (J. Bendickson, J. Muldoon, E. Liguori, & P. E. Davis, 2016; Miller, 2002). Agency theory is based on the concept that the principal will designate specific responsibilities to the agents to run the corporation, so in the principle-agent relationship, it is expected by the principals that the agent acts in a way that matches the interest of the principals (Jensen & Meckling, 1976; Mitchell & Meacham, 2011).

The agency problem was raised because of the conflict between the principals’ interests and those of the agents. The agency problem arises when these expectations of fulfilling the possible actions in favor of both the agent and the principals remain unattended by the agent (Brennan, 1995). It is assumed that the agents act as an opportunist, especially when the interest of agents conflicts with that of the principals (Mitchell & Meacham, 2011). According to the corporate governance theory, conflicts arise from agency relationships under two circumstances (a) conflict of goals or desire between the agent and the principal and (b) the principal and the agent approach risk contrarily, which arise the risk-sharing problem (Eisenhardt, 1989). These problems generally arise as a result of poor communications (J. Bendickson, J. Muldoon, E. W. Liguori, & P. E. Davis, 2016) and power placed in the hand of the agent in the place of the principle (Keay & Loughrey, 2015) and when managers do not entertain the interest of the shareholder (Miller, 2002).

Agency Theory Overview	
Key Idea	Efficient collaboration of information should be shown by Principal-agent relationships
Unit of Analysis	Principal and agent agreement
Human Assumptions	Self-interest Constrained prudence Risk aversion
Organizational Assumptions	Contributors efficiency effected by partial goal conflict as information between the agent and principal irregular
Information Assumption	An accessible commodity-Information
Contracting Problems	Agency (ethical peril and conflicting selection) Risk apportionment
Problem Sphere	Contacts in which goal and preference between the principal and agent noticeably different (e.g., compensation, standard, leadership, impression management, whistle-blowing, vertical integration, transfer pricing)

Source: Adopted from Eisenhardt, 1989

3.1.1 Agency Theory and Board Accountability

Board accountability can be established through agency theory better than other corporate governance theories. To support the interest of principal and agent relationship independent board of directors can be established. It is one way to retain agency problems at their minimum by controlling monitoring decisions separate from the management (Fama & Jensen, 1983). According to agency theory if the independent board of directors has a watch over the chief executive’s intention towards self-interest then the performance of the organization and shareholders’ wealth can be maximized (Miller, 2002). The need for control and collaboration in the working style and dynamics of the board is suggested by agency theory (Aram & Salipante Jr, 2003). With the number of stages, involved accountability is considered a much richer concept than monitoring, which ensures proper action of the board of directors (Keay & Loughrey, 2015). It is depicted by some authors that accountability act ‘to destroy the genuine values of authority’ and something good and commendable to consider (Harkness, 1975; Keay, 2015).

Board accountability goes in line with the company’s agency theory (Keay & Loughrey, 2015). Ensuring both directors’ accountability to shareholders and corporate employees’ accountability to the corporation is the key means of the board of directors (Sternberg, 2004). Agency theory provides a way for the governance of the organization by imposing two sets of control like corporate control of the market as an external mechanism and as an internal mechanism the control of the board of directors (Roberts, McNulty, & Stiles, 2005). The consistency of management behavior and the principles’ expectation can be assured by the

boards' effective monitoring (Miller, 2002). On the one hand, to run the business smoothly, boards need flexibility. On the other hand, board accountability needs to be ensured as the shareholders are dependent on the board's activity (Keay & Loughrey, 2015).

3.2 Stewardship Theory

Stewardship theory indicates the relationship of employment between the principals (owner) and the steward (managers) of the organization etc. (Davis, Schoorman, & Donaldson, 1997; Donaldson & Davis, 1991). This theory clutches the notion that managers should be or for the best interest of the shareholders or stewards. In addition to this, individual goals will be eliminated, and managers will perform their activities as a steward to achieve the predetermined objectives of the company (Davis et al., 1997).

This theory implies that firms related to knowledge and managerial experience are possessed by the managers, which gives them a superior position over the owner. As a result, they have the deepest knowledge regarding the operational activities of the organization over the principals who are not involved in the operational activities. Traditionally, it is believed that managers are trustworthy and would not try to misuse the resources (Dalton, Daily, Ellstrand, & Johnson, 1998).

Every manager tries to create or add value to the organization. To comply with their thought process, they need to confidant towards the value equation to ensure the return of adequate capital despite the business risk. Consequently, the focuses of the managers are given to sales, profit generation, and creating new investment ventures (Forsyth, 2016). And, these consequences are possible when the principle and the incumbent select the employment relation as stewards (Davis et al., 1997).

Stewardship theory is the complete opposite of agency theory. Whereas agency theory is content with the conflict and control, stewardship theory excels in collaboration and co-operation (Sundaramurthy & Lewis, 2003). Through collaboration and co-operation, this theory affords a non-economic platform for retrieving, amplifying, and nourishing relationships (Keay, 2017).

The stewardship theory analyses the relationship from a behavioral and a structural perspective. The fulfilment of the interest of the principal along with the organization, a pro-social manner is demonstrated by the stewards (Davis et al., 1997; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008).

3.3 Socio-Cultural Context of Emerging Economies

“Emerging economies” is a prominent and prevalent term in today's business age. Over the past 20 years, a significant amount of output along with a fast growth rate has become a major driver for globalization and the business world. Countries that possess emerging markets or economics do not share a common characteristic as they demonstrate different political views, religions, leadership styles, and democracies. However, some characteristics are seen in

developing countries like limited resources, economic instability, infrastructure anomaly, limited access to education and medical health, young workforce, low literacy, and gender discrimination (Jaeger & Kanungo, 1990).

In emerging nations, people are like to be family-oriented and self-centered. Thus, there is a possibility that agency theory is highly applicable to control the workforce. On the flip side, the Stewardship theory portrays that managers are trustworthy and not self-centered, and they like to work side by side having a common goal. In emerging nations, people like to exercise power and authority, like to build networks and relationships, to delegate their responsibility and task towards others (Anderson, Melanson, & Maly, 2007). Consequently, it leads to an increase of nepotism and favoritism (Aycan, 2002).

3.3.1 Family Orientation

In an emerging society, the family is a very important term. People in developing countries give the highest priority to their families and family members. People give priority to both the family and work. They have a strong family bonding along with human alignment (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2009). People think that they should perform their work to satisfy the need of a family. They also presume that success in job life will bring prosperity to the family, and it will help them to increase their social status. So, the interrelation prevails between work and life. While choosing jobs, people like to think about the benefits of the organizations, which are providing for their family, especially the elder members of the family. So, organizations are trying to create a family atmosphere in the organization and trying to take care of the workers and their family members. Some organizations provide medical and health facilities to employees' spouses, children, and parents. Moreover, they are helping employees in need of financial crises like housing and heating, advance loans if needed. Above all, employees give priority to families equal to work. In some organizations, management practices paternalistic leadership (Aycan, 2002). In the matter of choosing the successor of the family business, management likely to choose the next blood-related members. This decision is taken by the present predecessor and the expectancy of the inheritor (M. Khan, 2008).

3.3.2 Emphasizing on Relationship and Networking

Relationships and networking are the most common term in developing countries. It is the most noticeable societal and cultural elements in developing countries (M. Khan, 2008). In emerging market economies countries like South Asia, people are more concerned about making the relationship and networking for getting any job done. Rather, making the job more realistic and reasonable. In a trusting relationship, Interdependence reduces uncertainty and stress, besides, maximizes the benefits within short resources. In every part of society, political and economic life, relationship and networks supplant rules and procedures. Relationship and maintaining relationship helps business people to improve business activity (Trimarchi, 2008). People who are close to the person holding the upper position in the organizations will be benefited in many ways while others just maybe alienated

from the system or the organization. In developing countries, these group-members can be created individual to individual, individual to the group, or group to group. There are many bases to create this kind of group. It may be an origin-based relationship, university senior-junior relationship, political relationship, Superior-subordinate relationship or personality matching relationship, religious group members, gender group members, etc. But creating and getting in a particular group member is quite difficult. Loyalty and mutual trust are the main elements for keeping the group integral. Loyalty is the second most imperative element for membership status. (Aycan, 2002).

3.3.3 *The Pattern of Communication*

Communication defines the way people convey their thoughts, ideas, and feelings to other people. In South Asian countries we see indirect, no confrontational, non-assertive, and downward communication patterns. It brings both positive and negative feedback to the organization prioritizing the negative feedback. The communication pattern is more emotional: the feeling is important rather than analyzing the situation (Chen & Starosta, 2003). It becomes a problem to evaluate the performance of the employees where the boss, subordinates, and colleagues try not to give any negative feedback. In a regional organization, People do not consider negative feedback as constructive criticism or feedback; rather they think it as destructive criticism which will hamper the improvement of the other party and it will damage the relationship among the groups.

Moreover, negative feedback is considered as a personal attack because personal and work lives are entangled. Negative feedback may strain one's honor and status in others' eyes to whom the incumbent feels indebted and loyal. The workplace where personalized relationship prevails, negative feedback is unwanted because it degrades the integrity and harmony of the group. So, People like to have face to face communication in business dealings (Aycan, 2002).

3.3.4 *Emphasize on Interpersonal Relationship instead of Job Performance*

People of emerging market economies, like to have and build strong interpersonal relations with their superiors and colleagues. They do not have a high attachment to job performance comparing with the interpersonal relationship (Aycan, 2002). Loyalty, compliance, and harmony in interpersonal relations are the primary catalysts to fix the criteria for selection and performance. People like to go in harmony, if one potential good performer goes ahead then the others, he/ she may face the jealousy of the other members and may disturb the harmony of the group. Rather low performers are being endured and protected for compassion. The purpose of doing good is equally important to achieving work goals (Kabasakal & Dastmalchian, 2001). Due to interrelations and connectivity, nepotism has been seen in every sphere. Appointments are made based on family connection, ethnic group, sectarian, and regional connection. And it is seen quite very often in every institution and organization (Ahmed & Wani, 2013).

3.3.5 *Authority Orientation*

Among the many important cultural characteristics in developing countries including respect, loyalty, and deference to the superior is the most important. People do not like to abide by the rules but they do respect the authority. People do not like to question authority, let alone challenging them. Here, political power influence society and social status. Besides, political power gives people some authority over others (Ong, 1999). It has foregrounded the docility and submissiveness of young workers (Jamilah, 1994). In these regional areas, a business organization like to support political leaders to get some favors from them to gain some authoritative power (Sarkar, 2009). In some religions and societal systems, obedience to authority is considered as a prescribed norm. Knowledgeable, expertise, vast accomplishments, and trustable are the most requisite characteristics for being the person to hold power and authority. But there have been seen some paradoxical dilemmas between supervisor and subordinate relationship. First, as there exists both fear and love employees show respect along with affection towards their superior. Second, as group work is done in the organization, employees consider the superior as a group member by being in a group and being in the higher authority consider as "not like us". Third, though the supervisor is involved with all aspects of the subordinates' lives, it does not make any informal relationship rather it is a formal and distant relationship. (Aycan, 2002).

4. **Stewardship Theory or Agency Theory: An Emerging Market Perspective**

As we have already discussed that in stewardship theory, managers are not motivated by their individual goals and acts as agents of the principal. They give priority to work in order to pursue the goal of the firm (Aycan, 2002). But in South Asian countries, people are likely to have self-interest and try to maintain interpersonal relationships with their supervisors. They try to get the job done by any means instead of doing quality work (Aycan, 2002). Therefore, this article argues that the stewardship theory may not be able to apply its creditability in this regional area. Whereas agency theory will be the best fit for this multi-cultured area. Agency theory suggests that the principals and the agents must have the same goal, studies to monitor the role of the management, and tries to find out the impact of the derived role. Many authors suggest that to be successful in complying with agency theory, independent directors have to be familiarized in the organization especially in this socio-cultural context (McDonald, Westphal, & Graebner, 2008).

Uses of power in the organization is one of the vital elements that regulate and control the activities of the organization. If the interests of agents and principles are not aligned, then conflict is inevitable (Eisenhardt, 1989). In developing countries, close relationships and networking are maintained with the power holding persons. So, managers may act for their group or self-presentation-according to agency theory, whereas stewardship theory suggests that directors have an interest related to the principles or shareholders.

Stewardship suggests that directors or agents will be inspired by justice and fairness and concerned for others' interests (Buchanan, 1996). But in developing countries, leaders like to practice power for status and individual benefits. As a result, in-group members get priority or extra benefits from the managers while making some important decisions. Though they exercise power and maintain good interpersonal relations with their workers, they try to maintain a gap of respect and formality. Employees are not encouraged to sidestep authority (Aycan, 2002). So, here agency theory is more suitable, and stewardship theory is set aside from the arena.

Employees who do not perform well are rarely given any negative feedback from their supervisors. If given, employees take those negative feedback personally and have a grudge for a longer period. But for the success of the organization, feedback should be given to the workers. The employee will be self-motivated and have a sense of responsibility towards their job as a professional. Employees will act honestly, diligently, and make some degree of personal sacrifice (Blair & Stout, 2001). But due to personal relationships and networking, employees tend to do some self-interested work under the table. They do not like to follow the rules but respect their superiors. So strict accountability is needed, which is given in agency theory (Aycan, 2002).

Employees like to have extrinsic rewards rather than intrinsic rewards that are primarily economical (Pastoriza & Ariño, 2008); (Tosi, Brownlee, Silva, & Katz, 2003). They seek reward which will increase their social status and aid to solve family needs. They barely seek rewards like reciprocity and satisfy by archiving the organization's success; rather, they focus on individual or group success (Keay, 2017). Agency theory posited directors as individualists, where stewardship posited them as collectivists.

Stewards try to achieve the goals of the organization and try to satisfy themselves by achieving those goals by performing brilliantly and with honor. They want to achieve the intrinsic reward, self-actualization, and, more importantly, make an exception in challenging work with ethical responsibility and gain recognition from supervisors, colleagues, and subordinates. But all these things are related to one central element that is trust (Bundt, 2000; Hernandez, 2007; Huse, 2007; Kluevers & Tippett, 2011). Due to in-group relationships and individualistic characteristics, agents and stewards hardly trust each other in developing countries. One group does not trust another group because downward communication information may not be fully disseminated. One high performance may be drag down or stand out as getting along is the primary motive. Moreover, the devastating and epidemic corruption and nepotism in the South Asian region has made it very difficult to conduct a good governance system (Islam, 2001; H. Khan, 2000).

5. Data & Model

As mentioned earlier, both quantitative and qualitative data were used in this study. For the collection of these data, a questionnaire survey of 72 individuals was conducted to determine the impact of independent variables on corporate governance. Independent variables were categorized into six groups, which were used to explain the dependent variable, corporate governance.

5.1 Regression Model

A simple OLS regression model was used to reveal the impact of the independent variable on the dependent variable. The correlation matrix was conducted and VIF (variance inflation factors) computed to identify the availability of the multi-collinearity problem.

The regression equation used in this study is as follows:

Corporate governance = f (Socio-cultural factors that influence leadership in emerging nations)

Corporate governance = f (Relationship Orientation, Family Orientation, Performance Orientation, Control Orientation, Communication Pattern, Authority Orientation)

COR_GOV = f (REL_ORI, FAL_ORI, PER_ORI, CON_ORI, COM_PAT, AUT_ORI)

COR_GOV = $B_0 + B_1*REL_ORI + B_2 *FAL_ORI + B_3*PER_ORI + B_4*CON_ORI + B_5*COM_PAT + B_6*AUT_ORI$

To calculate the mean value of each factor, the following formula was used:

$$\bar{X}_i = \frac{\sum_{i=1}^6 X_{ij}}{N}$$

Where,

\bar{X}_i = overall mean of i-th factor
 X_{ij} = j-th question of i-th factor.
 N = number of questions

X_i = Independent Variables (i=1,.....,6)	N=No. of Questions
X_1 = Relationship Orientation	05
X_2 = Family Orientation	03
X_3 = Performance Orientation	04
X_4 = Control Orientation	03
X_5 = Communication Pattern	04
X_6 = Authority Orientation	08
TOTAL	27

5.2 Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
COR_GOV	72	4	1	5	2.04	.879	.773
REL_ORI	72	4.0000	1.0000	5.0000	3.661111	.6868084	.472
FAL_ORI	72	4.0000	1.0000	5.0000	3.652778	.7556516	.571
PER_ORI	72	3.75	1.00	4.75	3.3333	.63357	.401
CON_ORI	72	4.0000	1.0000	5.0000	3.638889	.6959530	.484
COM_PAT	72	4.00	1.00	5.00	3.9062	.76503	.585
AUT_ORI	72	4.000	1.000	5.000	3.72743	.671452	.451
Valid N (list-wise)	72						

The total number of respondents for all the variables, including dependent and independent variables is 72. The mean for the dependent variable is 2.04 and all independent variables over 3. All the variables in this study have a minimum value of 1 and a maximum value of 5, which is clearly seen by the range values. The dependent variable, corporate governance, has a mean of 2.04 and a standard deviation of 0.879.

6. Results and Explanation

6.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.805 ^a	0.648	0.615	0.545

a. Predictors: (Constant), AUT_ORI, FAL_ORI, PER_ORI, COM_PAT, REL_ORI, CON_ORI

The coefficient of multiple determination for this model is 0.648. Therefore, 64.8% of the variation in the dependent variable, which is corporate governance, is

6.3 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	6.689	.448		14.922	.000	5.793	7.584
REL_ORI	-.175	.133	-.137	-1.310	.195	-.441	.092
FAL_ORI	-.267	.106	-.229	-2.526	.014	-.478	-.056
PER_ORI	-.054	.128	-.039	-.423	.674	-.309	.201
CON_ORI	-.431	.140	-.341	-3.085	.003	-.710	-.152
COM_PAT	-.223	.122	-.194	-1.828	.072	-.466	.021
AUT_ORI	-.111	.152	-.084	-.729	.469	-.414	.193

a. Dependent Variable: COR_GOV

From the coefficient table, it is visible that all the independent variables, which indicate the socio-cultural

explained by the independent variables. In addition, the independent variables used in this study are good predictors of the dependent variable since the R2 value is 0.648.

6.2 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	35.554	6	5.926	19.936	.000 ^b
Residual	19.321	65	0.297		
Total	54.875	71			

a. Dependent Variable: COR_GOV

b. Predictors: (Constant), AUT_ORI, FAL_ORI, PER_ORI, COM_PAT, REL_ORI, CON_ORI

Since the F value is 19.936 and P-value is 0.000 < 0.05, the model is statistically significant.

difference between developed and emerging nations, have a negative impact on corporate governance. These findings clearly support the main argument of this article that

stewardship theory is not applicable instead of agency theory in emerging nations to ensure good corporate governance. Two independent variables are statistically significant at a 5% confidence level and one variable is statistically significant at 1% which are family orientation, control orientation and communication pattern, respectively. On the other hand,

independent variables such as relationship orientation, performance orientation, and authority orientation are insignificant. The most significant independent variable is family orientation with P-value 0.014.

7. Data Validation

7.1 Correlations

		COR_G OV	REL_O RI	FAL_ ORI	PER_ ORI	CON_O RI	COM_P AT	AUT_ ORI
COR_GOV	Pearson Correlation	1	-.592**	-.572**	-.493**	-.696**	-.649**	-.631**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	72	72	72	72	72	72	72
REL_ORI	Pearson Correlation	-.592**	1	.461**	.511**	.556**	.451**	.625**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	72	72	72	72	72	72	72
FAL_ORI	Pearson Correlation	-.572**	.461**	1	.382**	.377**	.526**	.397**
	Sig. (2-tailed)	.000	.000		.001	.001	.000	.001
	N	72	72	72	72	72	72	72
PER_ORI	Pearson Correlation	-.493**	.511**	.382**	1	.482**	.489**	.443**
	Sig. (2-tailed)	.000	.000	.001		.000	.000	.000
	N	72	72	72	72	72	72	72
CON_ORI	Pearson Correlation	-.696**	.556**	.377**	.482**	1	.595**	.693**
	Sig. (2-tailed)	.000	.000	.001	.000		.000	.000
	N	72	72	72	72	72	72	72
COM_PAT	Pearson Correlation	-.649**	.451**	.526**	.489**	.595**	1	.597**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	72	72	72	72	72	72	72
AUT_ORI	Pearson Correlation	-.631**	.625**	.397**	.443**	.693**	.597**	1
	Sig. (2-tailed)	.000	.000	.001	.000	.000	.000	
	N	72	72	72	72	72	72	72

** . Correlation is significant at the 0.01 level (2-tailed).

The bivariate analysis in the correlation table presents that the highest correlation between control orientation (CON_ORI) and Authority orientation (AUT_ORI) ($R^2=0.693$), which is not a concern for the model since it does not exceed 0.8. The output shows that there is no extreme correlation among the independent variables.

7.2 Coefficients

Model	Collinearity Statistics	
	Tolerance	VIF
REL_ORI	0.499	2.003
FAL_ORI	0.657	1.523
PER_ORI	0.638	1.567
CON_ORI	0.443	2.259
COM_PAT	0.481	2.079
AUT_ORI	0.403	2.482

a. Dependent Variable: COR_GOV

According to some researchers, a serious multi-collinearity problem is considered almost certain when the

tolerance value less than 0.1 (Menard, 1995). The result shows that all the tolerance values are higher than 0.1. Moreover, some authors also advised that a VIF value ≥ 10 appeals to be potentially harmful to multi-collinearity. The study represents the VIF values are less than 10 (Franke, 2010; Myers & Myers, 1990).

8. Conclusion

Corporate governance in the context of emerging economies has become an essential topic for discussion in recent years, primarily due to increasing financial scandals and executive failures. Despite wide-ranging governance reforms and growing activism of various stakeholders, there is significant room for the academics and practitioners to contribute to the corporate governance research, improving overall market governance mechanisms.

From the literature, it is evident that the most followed corporate governance perception is the agency theory perspective. Adopting stewardship theory means embracing the concepts like rejecting the foundations of classic agency

problem while trusting the directors and their professionalism, allegiance, and keenness to be concerned for others' interest.

Based on the findings of this article, we can easily argue that, due to the socio-cultural difference in emerging economies like Bangladesh, it is difficult to embrace the stewardship theory in the place of agency theory. Thus, policymakers should ensure the proper accountability of the agents through good corporate governance mechanisms.

9. References

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