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Keywords: Agency Theory, Corporate Governance, Family-owned Firms, Non-family Firms, Organizational Behavior, Stewardship Theory, Succession Planning

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Organizational Behavior and Corporate Governance in Family-Owned Businesses: A Comparative Study

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Abstract

Family and non- family-owned businesses have significant differences with respect to governance, leadership and decision making. To explore the effects of ownership structure on the corporate governance using a mixed method. Descriptive statistical analysis and t-test was used to analyze data obtained from 420 respondents representing 60 firms. Qualitative insights emerged from semi-structured interviews to help understand the context of governance dynamics. Results show that non-family businesses have more explicit leadership, formalized governance, succession plan, and communication. Family businesses are characterized by high levels of loyalty and long-term perspective, as well as by their socioemotional involvement, but tend to struggle with aspects of meritocracy, centralized decision-making and informal governance structures. Study combines agency and stewardship theories to discuss the two sides of family ownership: socio-emotional value and governance weakness. Practical recommendations are around better governance, succession planning and formal decision making in family businesses.

Keywords: *Agency Theory, Corporate Governance, Family-owned Firms, Non-family Firms, Organizational Behavior, Stewardship Theory, Succession Planning*

Introduction

Family-owned businesses were a significant component of global and local economies. They tended to possess distinctive characteristics, including concentrated ownership, with a long-term orientation and strong values (Kárpáti 2021; Arora 2023). Organizational behaviour was a significant factor in determining performance as family businesses entangled both personal relationships and business operations, which influenced workplace culture and leadership to a great extent (Maharajh et al., 2023; Gavrić & Braje, 2024). Corporate governance was seen as important for accountability and sustainability, but often family businesses did not have formal structures in place like independent boards or role allocations that were typical of other businesses (Alsabt, 2018; Sarbah & Xiao, 2015). The key challenges and unique characteristics of family-owned businesses such as blurred ownership-management roles, nepotism, informal decision-making, and weak transparency distinguish them sharply from non-family businesses (Sarbah & Xiao, 2015; Arora, 2023; Mashele et al., 2024).

There was little knowledge about how family involvement impacted organizational behavior and governance (Glowka et al., 2020). Given these knowledge gaps, we had limited ability to compare structures, decision-making, and workplace culture between private, family-owned, and non-family firms. There was some evidence to suggest that family ownership in companies and family CEOs tended to correlate with inferior quality of internal control and transparency compared to non-family-owned companies and leadership (Arora, 2023; Mashele et al., 2024; Jadoon et al., 2021). And even though family firms have specific benefits, such as a stewardship orientation and firm-specific resources (Karpaditi, 2021), the consequences of their governance and behavior, as opposed to those of non-family firms, have remained largely unexplored.

Research Objectives

1. To examine organizational behavior patterns in family-owned and non-family-owned businesses.
2. To analyze corporate governance practices in family-owned versus non-family-owned businesses.
3. To identify factors contributing to differences in governance and behavior across business types.

Research Questions

1. How do organizational behavior practices differ between family-owned and non-family-owned businesses?
2. What are the differences in corporate governance practices across these two types of businesses?
3. How do family dynamics influence decision-making and employee behavior in family-owned businesses?

The study helped the academic community understand the nature of the organizational behavior and governance system in family-owned businesses (Cordoba et al., 2024). It highlighted the influence that bureaucratic and non-bureaucratic instruments of governance, including family councils, constitutions, and advisory boards, have had as game changers of accountability, behavior, and performance compared to non-family companies (Karpatsi, 2021; Arora, 2023). Moreover, the study also gave practical guidance to policymakers and business executives. It highlighted the importance of enhancing professionalization through the implementation of well-defined governance structures, a separation of ownership and management, and increased transparency plans, which would enhance the sustainability of family firms (Alsabt, 2018; Sarbah & Xiao, 2015; Karpadi, 2021).

Literature Review

The family-owned businesses had been impacted by their leadership styles, communication patterns, and conflict management approaches, which affected organizational behavior (Brown, 2022). Research has found that paternalistic or participative leadership styles are more commonly employed in family businesses, primarily due to the influence of family values and traditions (Hira & Bawa, 2021; Peng et al., 2023). Such companies were better oriented towards trust, loyalty, and long-term commitment; however, in some cases, the leadership was not as professional as that of non-family-owned enterprises (Breton-Miller & Miller, 2018).

Family firm patterns of communication differed, as a majority of them utilized both formal and informal communication. Decision-making and daily performance were based on informal communication, i.e., family meetings or personal communication (Somboonvechakarn et al., 2022). These were the benefits of rapid coordination, as well as the possibility of transparency and reduced favoritism (Upadhyay et al., 2023). The other area was conflict management. Family wrangles often spilled over into business decisions, which may be an obstacle to successful problem-solving. However, it was also discovered that families who were able to utilize shared values and mediation to resolve conflict were more cohesive and stronger (Wong, 2021).

Organizational behavior was strongly impacted by family culture and values. The stewardship approach suggested a special bond between the family and the business, encouraging family owners to consider the company as a reflection of their identity and legacy, and thus acting in the long-term interests of the company (Arslan, 2024). Firm performance, employee motivation and emotional bonding, loyalty and trust within families are positively influenced by good family cultures (Basly & Saunier, 2019). Such cultural forces, however, sometimes limit innovations and adaptability due to resistance to change and the need to adhere to tradition (Hira & Bawa, 2021; Peng et al., 2023).

Corporate Governance in Family-Owned Businesses

Another dimension that was very critical in the family-owned businesses was corporate governance. The form of governance in these firms had been less formalized than that of the non-family businesses. Boards were typically controlled by family members, which limited the role of independent directors and their responsibilities (Alhebri et al., 2021). Research revealed that succession planning was among the most important aspects of governance. A lack of clear and candid succession systems often creates tensions and insecurities during the transition between generations (Valencia, 2024).

Family firms were found to possess fewer formal governance mechanisms as compared to non-family businesses. Stricter board structure, external auditing, and regulatory compliance systems were more likely to be implemented in non-family firms in an effort to hold them accountable (Mashele et al., 2024; Helal, 2022). Family firms, in turn, turned to trust and informal systems of control, which sometimes resulted in weaker disclosure practices and reduced investor trust (Cid et al., 2021; Valcanover & Sonza, 2023). However, research also indicated that family engagement may enhance governance in certain aspects. The long-term orientation of family owners also tended to lower agency costs and enhance stewardship, particularly when the family members were determined to preserve the firm over generations (Skorodziyevskiy et al., 2023).

OverallOverall, the literature demonstrates a two-sidedness: family ownership has specific areas of governance weaknesses, including nepotism and a lack of independence, but also offers specific benefits, including a long-term orientation, stewardship, and good relationships with stakeholders (Karpati, 2021; Jadoon et al., 2021).

Comparative Studies

The comparative analyses between family and non-family firms had revealed significant variations in the governance and behavior. Cid et al. (2021) and Jadoon et al. (2021) found that family ownership can enhance firm value when the founder is actively involved. However, it can destroy value when later generations control the firm without strong governance mechanisms. Similarly, Skorodziyevskiy et al. (2023) reported that family-owned S&P 500 firms performed as well as or better than non-family firms, but performance varied significantly depending on board independence and professional management.

The study also revealed that there were significant differences in organizational behaviour between family and non-family firms. Other reported differences involve the importance placed on trust and long-term employment and loyalty in family firms, compared to meritocracy, performance-based incentives, and formal communication systems in non-family firms (Basly & Saunier, 2019; Vajda, 2022). Conflicts are more likely to occur in family firms because of the overlapping roles of family and business, while in non-family firms, conflicts are more likely to be handled in a systematic manner by the use of HR practices (Wong, 2021).

However, some gaps were identified in the mixed methods approaches. While most of the literature was quantitative or qualitative studies with case studies only a few authors tried to combine these two approaches to achieve a comprehensive understanding of governance and behavior (Peng et al., 2023; Hira & Bawa, 2021). This difference called for comparative study with mixed methods to account for the complexity of dynamics in the family business versus the non-family business.

Theoretical Framework

Several theories have been used to analyze organizational behavior and governance in family businesses. Agency Theory explained governance problems arising from conflicts of interest between owners and managers (Jensen & Meckling, 1976). These agency conflicts were common aspects in family businesses, attributed to the fact that owners and managers in a family business were often related family members, resulting in a better alignment of interests. Nevertheless, the presence of another type of agency problem, which is the conflicts between the majority (family) shareholders and the minority shareholders, was a greater possibility because of concentrated control (Cid et al., 2021; Valcanover & Sonza, 2023).

Stewardship Theory provided a different answer. It emphasized that family owners are organizational stewards, where the owner steward protects and grows the business for a future generation, and that a steward's primary concern is long-term sustainability rather than short-term profits (Arslan, 2024). This theory explains why family firms exhibit lower turnover, higher trust, and greater resilience during times of crisis relative to non-family firms.

The Resource-Based View (RBV) has also been widely used. It suggests that unique family-based resources such as tacit knowledge, family reputation, trust, and long-term relationships provide competitive advantages that non-family firms cannot replicate (Schweiger et al., 2023). These unique family-based resources affect the efficacy of their organizational behavior and governance.

Lastly, all integrated models had considered how behavior could be integrated with governance efficacy. For example, Kárpáti (2021) stated that family governance mechanisms (i.e., family councils, family constitution) fundamentally shaped members' behavior, conflict resolution, and leadership roles, which impacted firm performance. He discovered a conceptual synthesis of a balance between agency issues and stewardship values to achieve effective governance in family firms, while reiterating the importance of exploiting family-based resources to achieve sustainable growth.

Methodology

Research Design

This research was conducted using the Mixed Method, which combined quantitative and qualitative methods in a mixed approach. The rationale for selecting this approach is that it not only measures the data but also scrutinizes the intricate details of organizational behavior and governance. Due to the differences between family-owned and non-family owned businesses, a comparative study design was utilized in this study. The research has facilitated the examination of how ownership affects the governance, leadership style, and working culture.

Population and Sampling.

Family-owned and non–family owned businesses made up the majority of people studied in the area. By means of purposive sampling, 30 family-owned firms were identified that met the study requirements. For non-family-owned businesses, stratified random sampling was applied to select 30 firms that were comparable in industry type and company size. This ensured that the comparison between the two groups was fair and meaningful.

Within each business, different categories of participants were selected. For the qualitative component, one business owner or CEO from each firm was included, resulting in a total of 60 participants. Among the managers, 120 were chosen, one from each business, and these responded to questionnaires and interviews. A total of 5 persons from each business was selected as employees, giving a total of 300 persons. These workers were filled out by these employees using structured questionnaires. There were a total of 480 participants.

Definite selection criteria for the use of the institution. All businesses were required to have been in operation for at least five years, so that the sample included stable and established businesses. At least 1 year of experience within the organization was required of all employees to provide informed and meaningful feedback on organizational, behaviour and governance practices.

Data Collection Methods

Data collection methods included multiple methods in the study. Structured questionnaires were sent to 420 managers and employees for the quantitative part. The questionnaires detailed leadership style, communication, decision making and governance practices.

Semi-structured interviews were done with 60 business owners and managers for the qualitative component. The interviews resulted in better understanding of cultural aspects, succession planning and governance issues of family owned and non-family owned companies. Moreover, half-field questions that were technical and gave the participants ample opportunity to express their experiences. Another research method used was to review documents. The aim was to discover and decipher the data submitted by participants in organizational reports and governance guidelines, while also deepening an understanding of formal governance practices.

Data Analysis Techniques

In quantitative and qualitative studies, including the questionnaire employed, the use of analogy as interpretation was necessary to interpret the numerical data provided by descriptive statistics (including t-tests) and ANOVA. These techniques proved to be beneficial in demonstrating the comparisons between family and non-family businesses, as well as verifying organizational governance practices and behavior. Additionally, Interview records are qualitative data that were analyzed using thematic analysis. Themes such as leadership style, family influence, and governance structure and workplace culture were transcribed, coded, and categorized into responses.

Lastly, analysis was done by the combination of both data groups by triangulation. The quantitative and qualitative material was compared and combined to give a further deeper insight into the differences and similarities of the two types of business.

Ethical Considerations

The research was conducted in accordance with the correct ethics. The data were collected by making all the participants aware of the study and informing them of the same. The participants were assured of confidentiality and the report they gave was anonymous. The data were utilized for academic purposes only, and none of the information was distributed to external parties. The study was conducted in accordance with established research ethics because the appropriate institutional review board gave its ethical approval before commencement of fieldwork.

Findings

Quantitative Results

Table 1

Leadership & Direction (Managers and Employees, n = 420)

Statement	Business Type	Mean	SD	t-value	p-value
Leadership provides a clear vision	Family-owned	3.82	0.89	-2.11	0.036*
	Non-family-owned	4.05	0.76		
Leaders involve staff in decisions	Family-owned	3.21	1.02	-3.24	0.001**
	Non-family-owned	3.68	0.91		
Consistency between words/actions	Family-owned	3.54	0.97	-1.14	0.256
	Non-family-owned	3.67	0.84		

**Significance: *p < 0.05, *p < 0.01*

Interpretation: Non-family owned businesses received higher scores in the two areas of leadership vision and decision involvement, reflecting more professionalized leadership practices. However, family firms demonstrated somewhat lower participation of workforce in decision making, and family-oriented leadership, which indicated centralized decision making.

Table 2

Communication & Conflict Management

Statement	Business Type	Mean	SD	t-value	p-value
Open communication encouraged	Family-owned	3.29	1.08	-2.68	0.008**
	Non-family-owned	3.71	0.94		
Conflicts handled fairly	Family-owned	3.12	1.01	-3.15	0.002**
	Non-family-owned	3.63	0.87		
Safety in expressing dissent	Family-owned	2.98	1.07	-4.21	0.000***
	Non-family-owned	3.62	0.89		

****p < 0.001*

Interpretation: Communication and conflict management were significantly stronger in non-family firms, suggesting the presence of formal HR structures and open reporting mechanisms. In family businesses, workers were less confident in raising their own objections, suggesting the predominance of family authority.

Table 3

Organizational Culture & Motivation

Statement	Business Type	Mean	SD	t-value	p-value
Equal opportunity for promotion	Family-owned	3.05	1.12	-3.84	0.000***
	Non-family-owned	3.65	0.91		
Job satisfaction & motivation	Family-owned	3.48	1.00	-1.27	0.204
	Non-family-owned	3.62	0.93		

****p < 0.001*

Interpretation: Employees in non-family-owned businesses reported greater fairness in promotions and opportunities, while job satisfaction did not differ significantly. This indicated that, although both types of firms offered stable motivation, career advancement was seen to be more merit based in non-family firms.

Table 4

Governance & Formalization (Managers only, n = 120)

Governance Practice	Business Type	Mean	SD	t-value	p-value
Written policies & bylaws	Family-owned	3.25	1.04	-4.12	0.000***
	Non-family-owned	3.92	0.85		
Board/Advisory committee present	Family-owned	2.88	1.09	-5.31	0.000***
	Non-family-owned	3.91	0.88		
Transparency in financial reporting	Family-owned	3.21	0.97	-3.72	0.000***
	Non-family-owned	3.87	0.82		

****p < 0.001*

Interpretation: Non-family businesses had stronger governance structures, including formal boards and transparent reporting systems. Family businesses were more likely to use informal governance, usually family oriented, which led to lesser accountability and policy enforcement.

Table 5

Succession Planning & Stability

Statement	Business Type	Mean	SD	t-value	p-value
Documented succession plan	Family-owned	2.72	1.05	-6.48	0.000***
	Non-family-owned	3.85	0.92		
Family involvement = stability	Family-owned	3.67	0.89	1.98	0.048*
	Non-family-owned	3.42	0.95		

**Significance: *p < 0.05, ***p < 0.001*

Interpretation: Succession Planning was far less developed in family-owned businesses where very little was documented and much was informal. In family businesses however, family engagement was seen as a positive factor for long-term stability, whereas in non-family businesses, succession was formal but less family-driven with only a minuscule emotional component.

Qualitative Results

Theme 1: Family Influence

Family members were often highlighted as playing a key role in the direction of the business. Owners also reported that family participation was not just in the form of owning the company but was also active in the governance and company strategy. One owner stated, *"Every key decision in this company is first discussed within the family before it reaches the management level."* This was an expression of personal and business relationships, which, although it brought about unity, in some cases, limited the authority of managers.

Theme 2: Decision-Making Dynamics

Management underscored the relevance of family presence to operational decisions. Several participants described situations where family values superseded professional concerns. As one manager described it, "*Sometimes, decisions are made because of family values and not market logic. This can lead to delays in execution.*" However, some of the participants noted that the integration of family members led to stability and continuity.

Theme 3: Succession Planning

Both the owners and the managers pointed out the natural challenges and sensibilities of the succession planning. The owners were concerned about preparing the next generation to be leaders and the managers raised uncertainty due to the ambiguous process of succession. One manager commented, "*We do not know who is to assume the position in the future and that makes long-range planning challenging*".

On the other hand, a minority of the owners stated that their companies have been structured in terms of succession and thus demonstrated the discrepancy in practices among businesses.

Theme 4: Organizational Culture

Based on the information provided during the interview, workplace norms and behaviors were significantly impacted by family values. Some of those who participated tended to hold certain values that their families had imprinted, including loyalty, trust, and informality. According to a company owner, "*the organizational culture is almost reminiscent of their own values, and the employees are treated as part of that family*".

Comparative Analysis

The combination of both quantitative and qualitative results resulted in a comprehensive approach to distinguishing family-owned businesses from non-family- owned ones in terms of leadership, governance, employee behavior, and organizational culture. This analysis of survey data with interview results explained both the similarities and details of organizational processes studied.

Leadership and Governance Differences

The family businesses were found to have more centralized leadership, with decisions being made in the family and ownership, which was qualitatively demonstrated by owners who stated that their family decision-making process was prioritized. Owners of non-family firms often relied on official governance mechanisms such as boards and consistent policies, which fostered a more uniform approach to decision-making.

Employee Behavior

The quantitative data proved that job satisfaction and employee engagement in the two groups were significantly different. Employees of non-family businesses reported higher levels of satisfaction with formal and systematic career advancement opportunities than family business employees, who gave mixed reviews. The quantitative results were explained in relation to their significance through the use of qualitative interviews. Family business managers commented on how loyalty and family values fostered belonging, but sometimes don't recognize merit. As one manager said, "Employees are treated as part of the family, but that doesn't necessarily translate into professional development opportunities."

Decision-Making and Culture

The triangulation of data confirmed that the most significant contributor to organizational governance effectiveness and organizational culture was family involvement. The quantitative analysis revealed the slower decision making process in family businesses and this was explored in the qualitative by conducting interviews and showing that family priorities overtook market logic. Family priorities provide stability and cohesion but also hinder adaptability and innovation. Non-family businesses exhibited quicker decision-making and adaptability as they had standardized processes and fewer meaningful cultural influences.

The analysis of the two combined provides a more complete and richer picture of differences in organizational governance between family firms and non-family firms. The quantitative analysis revealed there to be a statistically significant relationship between governance structure and employee satisfaction, and between governance structure and decision making processes in family owned firms and non-family owned firms, while the qualitative analysis was able to provide insight into the underlying reasons, as revealed by the actual experiences of family business owners and managers. The combined analysis helps to confirm what we learned in the quantitative analysis, and also helps to give a more complete picture because it is based on interviews with family business owners and managers to gain an understanding of how the family affected organizational conduct and governance performance.

Discussion

Interpretation of Findings in Relation to Existing Literature

This research examines subtle differences in organizational behavior and governance systems between family owned and non-family firms. The results from the quantitative studies reveal that there are some areas in which the non-family firms outperform their family-owned counterparts, such as the vision of the leadership, employee involvement in the decision making process, communication, conflict management, formalization of governance systems and succession planning. The results align with the earlier empirical research which identified issues related to formal organisational structure of family firms, such as the lack of independence of the board of directors, lack of healthy financial reporting, and succession planning (Alsabt, 2018; Sarbah, 2015; and Mashele, 2024).

Qualitative data was also used to support the primacy of family influence on organizational behaviour at the same time. Interviews of the family firm owners/managers were conducted and all of the respondents confirmed that the family decision making process is closely connected with family processes and that both cohesion and constraint are significantly influenced by the family processes. This is consistent with Maharajh et al. (2023) and Gavrić & Braje (2024), who highlighted how family values and traditions greatly shape workplace culture and strategic direction. The perceived benefits of loyalty, trust and long term orientation among employees are similar to that of Basly & Saunier (2019), and Arslan (2024); however, these benefits were sometimes offset by the lack of meritocracy and resistance towards innovation (Hira & Bawa, 2021; Peng et al., 2023).

The findings also confirm duality which has been found in previous comparative studies. Families firms provided unique stability, in terms of socioemotional wealth and identity fit of family and firm (Basly & Saunier, 2019, Wong, 2021), while non-family firms showed better governance in formal policies, boards and HR mechanisms (Helal, 2022; Cid et al., 2021). The results complement the literature by demonstrating that family relationships at the same time foster familial cohesion and inhibit the process of professionalization, further attesting to the complexity of family firm dynamics and behavior.

Implications for Theory

The study empirically supports and builds on existing theoretical frameworks. Findings support the Agency Theory perspective (Jensen & Meckling, 1976) in which family ownership is believed to diminish principal-agent conflict between the members of the family as owner and manager because of alignment of interests. However, the evidence also supports the notion of "Type II agency problems," where conflicts between majority (family) and minority shareholders arise because of concentrated control, nepotism, and informal decision-making (Cid et al., 2021; Valcanover & Sonza, 2023). This theoretical extension is supported by the lack of transparency and the financial reporting problems that are observed in family firms.

The qualitative results specifically reinforce the Stewardship Theory point that family members frequently serve as stewards for long-term legacy and strong survival motives. The words of loyalty and trust in the accounts from employees and managers show values of stewardship which help to build the unification of the organization (Arslan, 2024; Skorodziyevskiy et al., 2023). But the lack of professionalized and institutional structures indicates that stewardship can create stability but does not necessarily lead to strong governance systems.

The study also contributes to the Resource Based View (RBV) by demonstrating how family-specific resources, including tacit knowledge, reputation and long-term stakeholder relationships (Schweiger et al., 2023), resulted in stability and identity cohesion but failed to offset the drawbacks of poor governance. Therefore, this study highlights the importance of adopting an RBV and agency/stewardship view to understand the strength and weakness of the family business.

Practical Implications for Managers and Policymakers

There are a number of implications for practice. The findings indicate the need to reconcile family values with professionalized structures for the managers of family businesses. Although loyalty and long-term orientation are also taken seriously, companies are also required to adopt formal systems of governance (including independent boards, open-plan succession, and written policies) to promote accountability, meritocracy and flexibility. The scheme of career development and fair promotion is another effective way to increase the satisfaction of the employees and lessen the feeling of nepotism.

Formal governance systems and elaborate human-resources systems are overrated in non-family corporations. Furthermore, the stewardship principles (such as building trust and developing loyalty) have been shown to motivate employees and long-term commitment. As a result, non-family firms will be able to adopt the same strategies of cohesion associated with family businesses and avoid their traps of governance.

All these findings drive regulators and policy makers to develop policies that enhance professionalization of family firms without exposing them to loss of their core competencies. Governance can be improved by policies that encourage board independence, effective disclosure policies, and systematic succession planning, which safeguard the socio-emotional capital on which the survival of family businesses over the generations has been built. This practice is especially consistent with the statements of Alsabt (2018), Karpati (2021), and Arora (2023), who argue that reform of governance should be tuned to promote sustainability of family businesses in emerging and developed markets.

Conclusion

The study investigated differences in governance arrangements and organizational behaviour in family and non-family businesses. In the quantitative study, it was determined that non-family firms were characterized by a greater extent of clarity of leadership, increased employee involvement in decision-making, transparent and clear communication, conflict development, conventional governance, and succession planning. Qualitatively, it was found that family firms are more loyal and trustworthy, yet they are also heavily affected by family relationships in decision-making, which reduces the meritocratic aspect and the governance ability. Altogether, the study observed that the paradox of the stability and cohesion of ownership in terms of socioemotional wealth and the weaknesses of informality and concentrated ownership characterize ownership.

Contributions to Knowledge

This research advances the understanding of corporate governance in family businesses and organizational behavior in a number of ways. First, it confirms existing literature on the positive and negative effects of family involvement in business governance. Second, it builds on Agency Theory to show that "Type II agency problems" will occur, where conflicts arise between majority (family) and minority stakeholders, despite family owners and managers having aligned interests. Third, it contributes to the academic literature on Stewardship Theory by revealing that family firms are more closely aligned with the long-term vision and survival of their firm and the family legacy. Although family members' actions do not often align with formal modes of governance, they can still create these stable relationships. Lastly, the study adds to the Resource-Based View literature, in which family-based resources, including tacit knowledge, reputation, and cohesion, develop stability with family-based firms, but cannot substitute for professionalism within formal organizational structures. In conclusion, this study has made a contribution to the theory by providing a more detailed understanding of organizational behavior and of the dual nature of governance in family businesses.

Recommendations for Governance Improvements and Future Research

We have some recommendations because of what we have analyzed. First, the family-owned businesses must be offered with good governance systems with the inclusion of the familial aspect and the maintenance of professionalism. These systems comprise appointment of independent directors, realization of transparent succession policies, adoption and execution of meritocratic human-resource policies and the establishment of codes of conduct and ethics. In the case of non-family firms we suggest that the principle of trust and loyalty in their governance structures should be integrated with the principles of stewardship.

On a second level, we have a positive postulate that developmental support to family firms needs to take into consideration the culture and socio-emotional wealth of the family firms where such things are in presence, and at the same time, encourages professionalization. Government agencies ought to thus negotiate incentive plans that promote governance training, disclosure, and succession planning, possibly via a specific family firm development plan.

Future research ought to attempt a comparative research that cuts across different industries and cultural backgrounds and hence deriving an understanding of the process by which family not only contributes to but is contributed by governance structures in either setting. Longitudinal study designs will present the researcher with a chance of evaluating the results of governance reforms to performance and sustainability. Furthermore, the mixed-methods method can be used, which will consist of quantitative and qualitative analyses to study the lived experience of family and non-family firms.

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