

**EMBRACING A NEW PERSPECTIVE ON THE GOVERNANCE  
OF FAMILY BUSINESS GROUPS:  
A CROSS-CULTURAL PERSPECTIVE**

**Alessandra Vecchi**

School of Management, University of Bologna, Italy

[alessandra.vecchi@unibo.it](mailto:alessandra.vecchi@unibo.it)

**Bice Della Piana**

University of Salerno, Via Ponte don Melillo, Fisciano, Naples, Italy

[bdellapiana@unisa.it](mailto:bdellapiana@unisa.it)

**Alfredo Jimenez**

Department of Management, Kedge Business School, Talence, France

[alfredo.jimenez@kedgebs.com](mailto:alfredo.jimenez@kedgebs.com)

**Alessandra Vecchi** is a Senior Research Fellow at London College of Fashion. She was formerly based in the School of Business and in the Institute for International Integration Studies (IIIS) at Trinity College in Dublin in Ireland. She has been also nominated Assistant Professor in the Department of Management at the University of Bologna in Italy where she holds a Marie Curie Fellowship. Besides teaching several subjects mostly in the field of International Business and Operations Management at postgraduate level, she supervises MA and Ph.D. students in a wide array of Fashion Management related subjects. She has a significant track of high-profile publications and her research interests tend to be of multidisciplinary nature and rather eclectic. They span from Chinese acquisitions of Made in Italy luxury brands, value creation and strategic upgrading of fashion clusters, governance of family business groups, luxury firms' strategic use of social media to quality management and the adoption of disruptive technologies both from a Marketing and Supply Chain Management perspective.

**Bice Della Piana** holds a PhD in Public Management. She is currently an Assistant Professor at the University of Salerno in Italy. Her main research interests focus on the cultural differences and family business groups (FBGs). Her current lines of research include the impact of cultural variables on the FBG's governance mechanisms, FBG's governance mechanisms considering the network development research and the influence of family values on the family firms' resilience from a cross-cultural perspective. In addition, she is also working on a research line devoted to multi-cultural team management and dynamics. She has previously published several papers in international journals. She teaches Cross Cultural Management at undergraduate, graduate and PhD level and she also participates in the X-Culture Project as an instructor. She has also been a visiting scholar at University of Burgos (Spain), Universidad

de La Sabana (Colombia) and at Institute for Cross Cultural Management at Florida Institute of Technology (US). She is project reviewer for the Italian Ministry of Education, University and Research.

**Alfredo Jimenez** holds a Master degree in Business Economy Research and a PhD in Business Economy. He is currently an Associate Professor at Kedge Business School in Bordeaux. Previously he was Associate Professor at the University of Burgos in Spain. His research interests are focused on the process and the determinants of success in the internationalization strategy of firms. His current lines of research include the impact of institutional variables, political risk, cultural and psychic distance and corruption on foreign direct investment and entrepreneurship. In addition, he is also working on a research line devoted to virtual team and multi-cultural team management and dynamics. He has previously published several papers in international relevant journals, including Journal of International Business Studies, Journal of World Business, Management International Review, International Business Review and European Journal of International Management. He has also been a visiting scholar in different institutions in Norway, Germany, Australia, Italy, Ecuador and Mexico. He also participates in the X-Culture Project as a member of its Advisory Board and as an instructor. He is project reviewer for the Spanish Ministry of Economy and Competitiveness.

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## Abstract

*Family Business Groups are a significant and long-standing phenomenon widespread around the world. Their governance mechanisms have previously been investigated at firm-level and country-level. However, little attention has been paid at cluster-level of analysis by considering the differences in national culture. Based on a sample of 117 publications, this article provides a systematic literature review on the FBGs' governance mechanisms by taking a broad perspective in the selection process of the publications. There is evidence from the findings that supports the idea of variations of the governance mechanisms between different cultural clusters. Additionally, core aspects related to the resilience of these mechanisms within the cultural clusters are identified. Our research provides support to the argument that governance mechanisms across countries tend to be culturally embedded and cluster-dependant.*

**Keywords:** Family Business Group, Governance, Cross-cultural Perspective, GLOBE, Cultural Cluster.

## 1 Introduction

In recent years, scholars from different disciplines have recognized the importance of the field of family business research (Craig et al. 2009; Heck et al. 2008; Masulis et al. 2011; McKenny et al. 2014; Moores 2009; Sharma 2004). Most of these studies focus on specific topics related to governance of these firms such as the central theories (Siebels and zu Knyphausen-Aufseß 2012) or the implementation of governance systems in family firms (Gersik and Feliu 2014). Governance in itself has attracted considerable attention. Different theories explain the existence and the need for governance, namely agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), resource dependence theory (Hillman, Withers, & Collins, 2009) and stewardship theory (Davis, Schoorman, & Donaldson, 1997).

Despite many authors underlining the need to embrace more broad perspectives in the family business research, a very small part of this stream of research has taken into account a cross-cultural perspective of the family firms' governance mechanisms. Specifically, Sharma (2004) argued that a majority of the research efforts directed toward understanding the role of family firms at country-level of analysis have focused on establishing the extent of economic importance of these firms in various nations. As Sharma points out “*it is the time to get the question of why these firms endure*” and “*take a look at the role of these firms in their community*” (2004: 22). An important effort in this direction is the work of Bertrand and Schoar (2006), as their argument endorses the idea that there is substantial heterogeneity of family business' governance mechanisms across countries. They argue that a richer understanding

will be gained from the accumulation of microeconomic studies that analyze how the structure of a given family (size, gender, age composition) alters the strategic choices of the family firms by “*spanning a wide range of countries with different cultural norms and formal institutions*” (2006: 95).

In particular, within the debate on the theoretical perspective used in the existing family business literature, the governance of FBGs is increasingly becoming an interesting topic. Found virtually in every sector of the world’s economies, FBGs are the most common form of business entity in the world. Yet, their ownership, management, and family composition create a complexity that requires special knowledge and skills in order to understand them fully. For the purpose of this research a FBG is defined as “*a collection of firms controlled by the same family or individual*” (Masulis et al. 2011: 3557). This definition is in line with the notion that family firms often evolve into ownership constellations with multiple family owners (Zellweger and Kammerlander, 2015). Although FBGs are not only a significant and long-standing phenomenon widespread around the world, but also the most common form of business entity in the world (Isakov & Weisskopf, 2014; La Porta, Florencio Lopez-de-Silanes, & Shleifer, 1999), their governance mechanisms have previously been investigated only at firm-level and country-level of analysis, while little attention has been paid at cluster-level of analysis from a cultural perspective.

Given that the family business comprises a complex web of relations, we adopt the broad definition of governance proposed by Daily et al. (2003). According to these authors, governance refers to the allocation of resources within the company and to their solution of conflicts among the various stakeholders in organizations. More specifically, corporate governance consists of a set of mechanisms that can be classified into two broad categories, depending on whether they are internal or external to the company (Denis and McConnell 2003). A firm’s ownership structure is among the internal mechanisms that have received more attention in the literature (Connelly et al. 2010). Within this context, our starting point builds on the examination of how internal governance and resilience (Chrisman, Chua, & Steier, 2011; Essen, Strike, Carney, & Sapp, 2015; Walsh, 1996) tend to vary over time across cultural clusters.

In particular, in relation to internal governance, Pieper et al. (2008) describes two kinds of family governance mechanisms that consist of formal control through contractual mechanisms (board of directors, advisory board, performance incentives, formal contracts, etc), and informal control through relational mechanisms (based on trust, loyalty, commitment, shared vision and/or social capital). For the purpose of our research we therefore focus only on FBGs’ ownership structure (Denis and McConnell 2003) and formal control mechanisms (Pieper et al.

2008). More precisely, within formal control mechanisms we are interested in assessing whether FBGs belonging to different cultural settings would rely more on family members or professionals (Gomez-Mejia et al, 2001).

The choice of relying on family members or professionals would also yield important implications for the resilience of the FBGs. As stated by Gomez-Mejia et al (2001: 82-83) “*a relational contract between a firm owned by a family and a family member involves a common bond and a set of mutual expectations that are more likely to be based on emotions and sentiments than a non-family relational contract...and that are prone to depart from economic rationality...where the family member might pursue objectives that are not in the best interest of the business*”. Vice versa, Dyer (1989) finds that firms where the owning family decides to turn the management of the business over to non-family, professional managers tend to overperform family-run firms.

The professionals rely on their years of professional training to make rational decisions. The result typically involves the creation of various programs to improve efficiency and cut costs. Employees are encouraged to do their jobs quickly and efficiently. The professionals often bring with them a set of assumptions that are quite different from those of the family. As a result, employees focus on individual achievement and career advancement. Professional managers often take a rather impersonal, neutral stance toward employees, who are evaluated on their ability to contribute to the profits of the business. The owning family’s involvement in the business, while still predominant in some cultures, often disappears with the advent of professional management.

In order to present a more comprehensive view of the cultural pressures that can shape the ownership structure and the formal control mechanisms, we rely on the cultural framework proposed by the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project (House et al. 2004). Building on the concept of cultural cluster, this analytical tool introduces 10 cultural clusters. The GLOBE framework has been deemed as “*a valuable framework for handling the intricacies of multi-cultural ventures*” (Dorfman et al. 2012: 507). By seizing this opportunity, our research attempts to address two critical questions in the family business literature: (1) How do cultural clusters drive the adoption of specific FBGs’ governance mechanisms across countries? and (2) How does the resilience of these different governance mechanisms vary according to the GLOBE cultural clusters?

Drawing on the cross-cultural perspective by adopting the GLOBE taxonomy (House et al. 2004), we thus conduct a systematic literature review according to the phases identified by Easterby-Smith and colleagues (2012). The article is structured according to the following sections. While the second section of the paper illustrates the rationale for conducting the research, the third section outlines the methodology adopted and describes the sample used for conducting the systematic literature review. The main findings from the literature review are presented in

the fourth section and summarised in Tables 4, 5, 6 and in Figure 1. While in the Table 3 we outline the sources that were selected for each cluster, in the Table 4 we summarize the relevant cross-cultural variations in the FBGs' governance mechanisms and their resilience over time and across the GLOBE cultural clusters. The concluding section of paper presents the results, their limitations as well as it provides directions for future research.

## **2 Family Business Groups from a Cross-Cultural Perspective**

Several studies argue that the existing literature on FBGs' governance mechanisms would benefit from a cross-cultural analysis (Masulis et al. 2011; Kontinen and Ojala 2010; Liu et al. 2012; Pieper et al. 2008). For example, a study conducted by Kontinen and Ojala (2010) suggests the importance of national culture in the governance of family firms in the form of social capital. Some scholars outline the importance of several culture-related factors that affect the governance of family firms (Liu et al. 2012) such as the cohesive nature of family ties and their unusual devotion to continuity (Pieper et al. 2008).

Despite the fact that all of these factors are closely inherent to specific cultural settings and the wide consensus that the organizational context is crucial to fully understand FBGs (Granovetter 1995; Rao et al. 2000; Steier 2003; Uzzi 1996; Aldrich and Cliff 2003; Steier 2001; Steier et al. 2009) very few studies devote attention to the broader cultural context. A first attempt in this direction is a study conducted by Fernandez-Ortiz and Lombardo (2009) who showed that the different levels of family-orientation across cultural settings can influence companies' growth. As for the resilience of different governance mechanisms, according to Fuentes-Lombardo and Fernandez-Ortiz (2012) there are different motives for justifying the desire for growth depending on the level of family-orientation in the company. Higher levels of family-orientation make companies consider the survival of the business a greater priority than its growth, whereas lower levels of family-orientation make growth the priority especially for directors belonging to the owner family.

Similarly, due to their anchoring role in a firm, family business founders have been recognized as having a significant influence on culture, values, and performance of their firms (Collins and Porras 1996). Family business literature has long recognized the influential position of founders who, in turn, shape the family as well as the business according to the broader national culture that have experienced during their upbringing. Due to their long-standing tenures and the centrality of their position within their family and firm, founders exert considerable influence on the culture and performance of their firms during and beyond their tenure (Anderson and Reeb 2003; García-Álvarez et al. 2002; Kelly et al. 2000; McConaughy 2000).

Finally, a study conducted by Mehrotra and colleagues (2011) provocatively questions whether love must kill family firms. In particular, the authors show that in countries where cultural attributes favour arranged marriages, family firms appear to dominate. Absent such targeted mate selection, family firms are unlikely to enjoy the kind of longevity that is observed in many countries such as Japan. Japanese family firms supplement arranged marriages with the outright adoptions of suitable unrelated heirs, and firms run by adopted heirs display superior performance relative to blood-related heirs and to professional managers (Mehrotra et al. 2013).

Overall, this evidence leads us to assume that the ownership structure and the formal control mechanisms associated with FBGs are likely to vary according to different cultural settings. We therefore endorse the idea that culture represents a fruitful area for research in FBGs and that a deeper analysis of this topic could provide a fuller and more comprehensive insight on whether their governance mechanisms and resilience might differ across cultural settings. In order to offer a cross-cultural perspective of the FBGs' governance mechanisms, we rely on the GLOBE framework to detect the different cultural settings in which the FBGs across countries operate. In the 1960s and 1970s, cross-cultural management was a burgeoning field of inquiry seeking answers to fundamental questions about value differences (Kluckhohn and Strodtbeck 1961). The value dimensions framework developed by the GLOBE project constitutes, together with the one of Hofstede (2001), a major breakthrough toward answering "values differences" questions and one of the greatest efforts to develop societal-level values measures applicable for the study of global workforces (House et al. 2004).

Specifically, the GLOBE project has produced an alternative set of national culture (mean) scores opposite to Hofstede's model. In fact, the latter focuses on country differences at the individual level; instead, the GLOBE project considers country differences in organizational culture (Gerhart 2008). Another reason that reinforces our choice to resort to the GLOBE as a suitable framework to assess the existing literature is that the national culture scores developed by Hofstede (1980) for individual countries have not been updated in recent times (Gerhart 2008). The correspondence between the GLOBE framework and Hofstede's model are summarized in the Table A1 (in the Appendix). There is a substantial body of literature available about national culture but there is very little that adopts a holistic approach to assess its effects on the governance of family business groups. While existing research mainly adopts Hofstede's dimensions of national culture, GLOBE captures more comprehensively and less ambiguously the elements of national culture as illustrated in the Table 1.

Overall, the GLOBE project has become a major cultural framework widely used in research for the last two decades (Dorfman et al. 2012). As Dorfman et al. (2012) argue, the GLOBE project has progressed since its

inception in the early 1990s to be a substantial research effort involving more than 200 researchers from multiple academic disciplines located across all parts of the globe. The GLOBE project aims to explore the effects of culture on leadership and organizational effectiveness and how cultural drivers influence the economic competitiveness of societies and many aspects of the human condition (Chhokar et al. 2007; House et al. 2004). As noted by Triandis (2004), the process through which the GLOBE questionnaire has been developed demonstrates a collaborative and internationally inclusive exercise in cross-cultural research. As a result, the clustering of GLOBE was based on a conceptual and empirical process (Gupta and Hanges, 2004) out of which the following 10 clusters emerged – the Anglo cluster, the Eastern European cluster, the Latin American cluster, the Latin European cluster, the Confucian Asian cluster, the Nordic European cluster, the Sub-Saharan African cluster, the Southern Asian cluster, the Germanic European cluster and the Middle Eastern cluster.

Each cluster is described in terms of their corresponding distinctive cultural dimensions<sup>1</sup> (House et al. 2004): Uncertainty Avoidance (UA), Power Distance (PD), Institutional Collectivism (IC), In-group Collectivism (IgC), Gender Egalitarianism (GE), Assertiveness (A), Future Orientation (FO), Performance Orientation (PO) and Humane Orientation (HO). Given the existing literature as well as the definitions of the GLOBE cultural dimensions, we make the following propositions:

<b>Table 1: Dimensions of national culture and their impact on FBGs' governance and their resilience</b>	
<b>GLOBE's dimensions of national culture</b>	<b>Likely impact on FBGs governance and their resilience</b>

<sup>1</sup>Adopting a view that national culture can be broadly defined as “values, beliefs, norms, and behavioral patterns of a national group” (Leung, Bhagat, Buchan, Erez, and Gibson, 2005), the GLOBE distinguishes between cultural values and practices. The labels supplied for the nine cultural dimensions were based on several considerations including theoretical, qualitative and statistical evidence. Many of the GLOBE cultural dimensions that we measured are direct descendants of the prior cross-culture research and, for these, labels were already available (Hofstede, 1980, 2001; Triandis, 1995). Additional cultural dimension labels were constructed with the assistance of the CCIs. House et al., (2004) developed original scales for all dimensions. Respondents either reported their beliefs about their organization or their society, not both. In each referent, there were two forms of questions. One form of the question asked about actual practices in their organization (i.e., and we refer to these as “as is” indicators) and the second asked about values (the “what should be”). Thus there are 18 scales to measure the practices and values with respect to the core GLOBE dimensions of culture – the referents are either organizations or societies (Dorfman et al. 2012).

Uncertainty Avoidance	This dimension is defined as the extent to which members of a society strive to avoid uncertainty by reliance on social norms, rituals and bureaucratic practices to mitigate the unpredictability of future events. In order to reduce the unpredictability of future events, we expect these cultures to rely more on professionals because of their higher level of formal training and prior experience in different contexts. As professionals tend to compensate for the traditional pitfalls that characterize family management, we would expect these clusters to exhibit better performance and thus higher resilience. (Steward & Hitt 2012; Lin & Hu 2007).
Power Distance	This dimension is defined as the degree to which members of society expect and agree that power should be equally shared. We expect those cultural clusters that score high on Power Distance to rely more extensively on family members since power would be strictly held within the family. As family-run firms tend to underperform professionally-managed firms, we would therefore expect these clusters would exhibit lower resilience (Mehrotra et al. 2013).
Institutional Collectivism	This dimension reflects the degree to which societal practices encourage and reward collective distribution of resources and collective action. Given the emphasis on formal institutions and contractual obligations, we expect those cultural clusters that score high on Institutional Collectivism to rely more extensively on professionals. As professionals tend to compensate for the traditional pitfalls that characterize family management, we also would expect these clusters to exhibit better performance and thus higher resilience. (Steward & Hitt 2012; Lin & Hu 2007).
In-Group Collectivism	This dimension reflects the degree to which individuals express pride, loyalty and cohesiveness in their organisations. Since pride, loyalty and cohesiveness are traditionally associated with family, we expect those cultural clusters that score high on In-group Collectivism to rely more extensively on family members. As family-run firms tend to underperform professionally-managed firms, we would therefore expect these clusters to exhibit lower resilience (Steward & Hitt 2012; Lin & Hu 2007).
Gender Egalitarianism	This dimension is the extent to which a society minimises gender role differences and gender discrimination. Given the existing gender role differences and gender discrimination, we expect those cultural clusters that score low on Gender Egalitarianism to rely more extensively on professionals as they need to replace the daughters. As professionals tend to compensate for the traditional pitfalls that characterize family management, we would expect these clusters to exhibit better performance and thus higher resilience. (Steward & Hitt 2012; Lin & Hu 2007).
Assertiveness	This dimension is the degree to which individuals in societies are assertive, confrontational and aggressive in their social relationships. Given the greater emphasis on assertiveness and market-led results, we expect those cultural clusters that score high on Assertiveness to rely more extensively on professionals. As professionals tend to compensate for the traditional pitfalls that characterize family management, we also would expect these clusters to exhibit better performance and thus higher resilience (Steward & Hitt 2012; Lin & Hu 2007).
Future Orientation	This dimension is the degree to which individuals in societies engage in future-oriented behaviours such as planning, investing in the future, and delaying gratification. In line with their pragmatic approach, we expect those cultural clusters that score high on Future Orientation to rely more extensively on professionals. As professionals tend to compensate for the traditional pitfalls that characterize family management, we also would expect these clusters to exhibit better performance and thus higher resilience (Steward & Hitt 2012; Lin & Hu 2007).
Performance Orientation	This dimension refers to the extent to which a society encourages and rewards group members for performance improvement and excellence. Given the greater emphasis on performance and quantifiable objectives, we expect those cultural clusters that score high on Performance Orientation to rely more extensively on professionals. As professionals tend to compensate for the traditional pitfalls that characterize family management, we also would expect these clusters to exhibit better performance and thus higher resilience (Steward & Hitt 2012; Lin & Hu 2007; Mehrotra et al. 2013).
Humane Orientation	This dimension is the degree to which individuals in organisations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring and kind to others. Since these attributes are traditionally embedded in family relationships, we expect that those cultural clusters that score high on Humane Orientation to rely more extensively on family members. As family-run firms tend to underperform professionally-managed firms, we would therefore expect these clusters to exhibit lower resilience (Mehrotra et al. 2013).

### 3 Methodology

As previous review articles underline (Luthans and Youssef 2007; McCann and Folta 2008; Provan et al. 2007), a review of important areas of research where literature is still incipient despite developing at a remarkable pace, such as the governance of FBGs from a cross-cultural perspective, can give us a deeper understanding of the phenomenon under investigation. It can also play a pivotal role to identify suitable avenues for undertaking future research. As such, a systematic literature review (Whetten 1989, 2002) was deemed as the appropriate methodological tool to preliminarily identify any possible similarity and difference in FBGs governance mechanisms (ownership structure and formal control, their resilience over time) across the GLOBE cultural clusters.

Building on Tranfield et al. (2003), Easterby-Smith et al. (2012) and Capaldo et al. (2012) the steps undertaken to conduct the systematic literature review were the following: (1) planning the review, (2) identifying and evaluating an adequate sample of relevant studies, (3) extracting and synthesising data, (4) reporting, (5) utilising the findings. These steps are described in the Table 2. In the planning stage, we followed a review protocol (Davies and Crombie 1998), which is a plan that helps to protect objectivity by providing explicit descriptions of the steps to be taken. Based on the goals and research questions that the paper seeks to address, the research protocol outlines the information on the research strategy for the identification of relevant studies, the criteria for inclusion/exclusion of these studies in the review and the sample of publications selected.

The sampling of the publications on the governance mechanisms of FBGs was made through a search of keywords in the titles, abstracts and/or topic/subject area in the most relevant databases for social sciences research: EBSCO search engine (full database), JSTOR, Scopus (Elsevier), Web of Science (ISI) and IDEAS (a RePEc service hosted by the Research Division of the Federal Reserve Bank of St. Louis). Following Siebels and zu Knyphausen-Aufseß (2012), we also conducted a manual search of academic articles published in “Family Business Review”, “Entrepreneurship Theory & Practice”, “Journal of Business Venturing” and the “Journal of Small Business Management”, as these journals are considered as the most appropriate outlets for family studies (Chrisman et al. 2010) and cover the major portion of family business research (Debicki et al. 2009).

In addition, following the recommendations of Kontinen and Ojala (2010) we also performed the search in another well-known journal in family business research such as the “Journal of Family Business Strategy”. Additionally, we included four relevant journals in the field of International Business, namely the “Journal of International Business Studies”, the “Journal of World Business”, the “International Journal of Management Review” and “Cross Cultural Management: An International Journal”. Further, we included another relevant journal for the purpose of our research such as “Corporate Governance: An International Review, Journal of Management and Governance”. Finally, in the sake of ensuring that the review was systematic, we also searched amongst the grey literature since there is a growing body of non-academic publications that have also recently started to devote a substantial interest to this topic. Specifically, we complemented the existing scholarly literature available with publications produced by PWC (2012), McKinsey (2010) and Ernst and Young (2012).

<b>Table 2: Literature review phases</b>			
<b>Phase</b>	<b>Description</b>	<b>Activities</b>	<b>Output</b>

1	<i>Planning the review</i>	Forming a review panel and mapping the field of study	We searched EBSCO, JSTOR, IDEAS, SCOPUS, WOS for books, journals, theses, conference papers and working papers, other information (market data, company accounts, government information, official statistics). We searched the most influential journals on family business research (5), on International Business (4) and on Governance issues (2). Additionally we searched amongst the grey literature produced by PWC (2012), McKinsey (2010) and by Ernst & Young (2012).
2	<i>Identifying &amp; Evaluating Studies</i>	Conducting a systematic search	To identify the relevant sources we searched for the following keywords: “Family Business Group” and Governance; “Business Group” and Family.
3	<i>Extracting</i>	Conducting data extraction	Studies were abstracted, coded and assembled in order to detect similarities in the FBGs’ governance mechanisms across countries.
	<i>&amp;</i>	Conducting data synthesis	We have conducted the synthesis of the studies searched in the following way: - positioning the studies by cultural cluster through the context of research reported in the studies; - to depict the FBGs’ governance mechanisms and their resilience for each cultural cluster; - comparison of the governance mechanisms and their resilience across cultural clusters.
	<i>Synthesizing Data</i>		
4	<i>Reporting</i>	Reporting the findings	Based on a review of these sources we systematically organized the literature according to each GLOBE cluster in order to outline similarities and differences among the most commonly used governance mechanisms and their resilience across countries.
5	<i>Utilizing the Findings</i>	Informing research and practice	We discuss the usefulness of this organized existing literature on FBGs’ governance mechanisms.

The initial keyword search resulted in a total of 511 results. In line with the selection process adopted by Siebels and zu Knyphausen-Aufseß (2012) in their review, a structured four-step selection process was applied. This consisted of the following four steps: (1) search of electronic libraries/databases using different keyword combinations (“Family Business Group” and Governance; “Business Group” and Family); (2) elimination of duplication and irrelevant articles according to the abstract; (3) ensuring substantive relevance by reading the remaining publications completely and discarding publications that fail to address the research questions; (4) inclusion of further literature recommendation from three independent reviewers during the double-blind review process. Overall, this research review covers 117 publications published in academic journals, books and dissertations from 1983 to 2013. In line with other reviews on family firms’ governance (Goel et al. 2014; Siebels and zu Knyphausen-Aufseß 2012) the majority of these studies were published in the last 8 years. The selected papers have been organized by country **according to the nationality of the sample (or the national context for the conceptual paper)** and then these were classified according to the GLOBE cultural cluster they belong to. Table 3 illustrates the selected publications for each cluster.

**Table 3: Classification of the studies according to the GLOBE cultural clusters**

<b>Cultural Clusters</b> (Countries covered by GLOBE project)	<b>Studies</b>
<b>Anglo cultures</b> (Australia, Canada, England, Ireland, New Zealand, South Africa white sample, USA)	Bell et al. 2004; Ben-Amar and Andre 2006; Chung and Enderwick 2001; Crick et al. 2006; Cromie et al. 1999; Glassop 2009; Graves and Thomas 2004, 2006, 2008; King and Santor 2008; Lansberg 1988; Lindow 2013; McConaughy 2000; Morck et al. 2005; Mork and Yeung 2003; Okoroafo 1999; Villalonga and Amit 2006; Weber and Lavelle 2003; Zahra 2003.
<b>Latin Europe</b> (France, Israel, Italy, Portugal, Spain, Switzerland french speaking)	Acedo and Casillas 2005; Basly 2007; Bertrand and Schoar 2006; Betts 2001; Bianchi et al. 2001; Brunello et al. 2003; Cerrato and Piva 2012; Chang et al. 2009; Claver et al. 2008, 2009; Corbetta 1995; Corbetta and Minichilli 2006; Della Piana et al. 2012; Donckels and Frohlich 1991; Fernandez and Nieto 2005, 2006; Gallo and Garcia Pont 1996; Gómez-Mejía et al. 2007; Kontinen and Ojala 2010; Lindow 2013; Lopez and Fan 2009; Maman 2002; Menéndez-Requejo 2005; Montemerlo et al. 2004; Prencipe et al. 2011; Sacristan-Navarro and Gomez-Anson 2007; Volpin 2002; Zucchella et al. 2007.
<b>Nordic Europe</b> (Denmark, Finland, Sweden)	Agnblad et al. 2001; Boter and Holmquist 1996; Calabrò and Mussolino 2013; George et al. 2005; Harju and Heinonen 2004; Johanson and Wiedersheim-Paul 1975; Lindgren 2002; Lindow 2013; Lopez and Fan 2009; Niemelä 2003; Varamäki et al. 2003.
<b>Germanic Europe</b> (Austria, Germany, Switzerland, The Netherlands)	Becker et al. 2011; Donckels and Frohlich 1991; Klein 2000, 2003; Lindow 2013; Voithofer and Mandl 2010.
<b>Eastern Europe</b> (Albania, Georgia, Greece, Hungary, Poland, Slovenia, Russia, Kazakhstan)	Estrin and Prevetzer 2011; Guriev and Rachinsky 2005; Kim et al. 2004a; Smallbone and Welter 2001.
<b>Sub-Saharan Africa</b> (Namibia, Nigeria, South Africa black sample, Zambia, Zimbabwe)	Fafchamps 2004; Kennedy 1988; Piesse et al. 2012; Platteau 2012.
<b>Latin America</b> (Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Venezuela)	Brenes et al. 2011; Estrin and Prevetzer 2011; Khanna and Palepu 1999, 2000; La Porta et al. 1999; Magnani-Tavares 2012; Masulis et al. 2011; Poza 1995; Shimizu 2004..
<b>Middle East/Arab cultures</b> (Egypt, Kuwait, Morocco, Qatar, Turkey)	Abbasi and Hollman 1993; Burki 2012; Davis et al. 2000; Fadhel 2004; Hutchings and Weir 2006; Karademir and Danisman 2007; Metcalfe 2006; Ozhen and Mimaroglu 2008; Piesse et al. 2012; Welsh and Raven 2006; Yaprak et al. 2007.
<b>Southern Asia</b> (India, Indonesia, Iran, Malaysia, Philippines, Thailand)	Bertrand et al. 2002, 2008; Brooker Group 2003; Burki 2012; Carney and Gedajlovic 2001; Estrin and Prevetzer 2011; Khanna and Palepu 1999; Kienzle and Shadur 1997; Lyer et al. 1999; Panamond and Zeithaml 1998; Suehiro and Wailerdsak 2004; Veliyath and Ramaswamy 2000.
<b>Confucian Asia</b> (China, Hong Kong, Japan, Singapore, South Korea, Taiwan)	Bae et al. 2002; Baek et al. 2006; Burki 2012; Carney and Gedailovic 2001, 2003; Chang and Shi, 2007; Chung 2001; Chung 2004; Chung 2013; Chung and Luo, 2008. Claessens et al. 2000; Dore 1983; Estrin and Prevetzer 2011; Globerman et al. 2011; Hsieh et al. 2009; Hutchings and Weir 2006; Jiang and Peng 2011; Keister 1998; Kienzle and Shadur 1997; Kim et al. 2004a, 2004b; Lasserre and Probert 1998; Maman 2002; McConaughy et al. 1998; Steers et al. 1989; Tsang 2001; Wong 1985; Yeung 2000; Yeung et al. 2000; Yu 2001.

As illustrated in the Table 3, the 117 selected publications of our sample were grouped in the 10 cultural clusters in line with the taxonomy proposed by the GLOBE project. These studies were then coded by the researchers and an in-depth content analysis was performed so to identify and extract the relevant information pertaining to the FBGs ownership structure, formal control, and resilience over time across cultural clusters. The total number of the publications analyzed is 117 but some of these have been listed several times as they focus on multiple countries that belong to several cultural clusters (i.e. Burki 2012; Estrin & Prevezer 2011; Lindow 2013).

## 4 Results

From the findings, it emerges that the greatest number of these studies relates to Confucian Asia (30), followed by Latin Europe (29), the Anglo cluster (19), Southern Asia (12), Nordic Europe (11), Middle East/Arab cluster (11), Latin America (9), Germanic Europe (6), Eastern Europe (4) and Sub-Saharan Africa (4). As the data show, some emerging countries in particular areas have attracted significant attention while other cultural clusters are quite under-represented, especially Sub-Saharan Africa and Eastern Europe that seem quite neglected by the literature.

Table 4 presents a synthetic summary of the relevant cultural features that might influence the FBGs' governance mechanisms in terms of ownership structure and formal control and how these mechanisms are exerted over time (resilience) for each cultural cluster.

**Table 4: Synthesis of the literature according to the GLOBE cultural clusters (House et al. 2004)**

Cultural features (Cultural dimensions scores)	FBGs' governance mechanisms	How governance is exerted over time
<b>Anglo cluster</b> <i>High:</i> PO <i>Medium:</i> A, FO, GE, HO, IC, PD, UA <i>Low:</i> IgC	In the Anglo-cluster the FBGs have a predominant role. While in some cases businesses are controlled by professional managers as fiduciaries for multitudes of public investors, in other cases ownership structure exhibits a high level of concentration obtained by dual class shares and/or pyramidal structures.	Many large companies are still controlled by the founders or their families. About 40% of family firms in the Anglo cluster intend to pass down the business to the next generation, while the remainder is twice as much likely to sell or float than to pass down but to employ non-family management.
<b>Latin Europe</b> <i>High:</i> n.a. <i>Medium:</i> A, FO, GE, IgC, PO, PD, UA <i>Low:</i> HO, IC	Family owned companies demonstrate that family entrepreneurs rely on a large number of trusted people in foreign markets, especially when launching international operations, but also after several years of running international operations.	The links that binds current generations to future ones provide family firms with "patient capital," a focus on maximizing long-run returns and the desire to pursue international investment opportunities that more myopic widely held firms would not.
<b>Nordic Europe</b> <i>High:</i> FO, GE, IC, UA <i>Medium:</i> HO, PO <i>Low:</i> A, IgC, PD	Inter-firm co-operation is a simultaneous learning process for the owner-managers, as well as for the networking family firms. Furthermore, the values, attitudes, and beliefs of the owner-managers reflect their family business culture, and the culture of each family firm influences the development and quality of inter-firm co-operation capability.	The findings shows the importance of consolidated group norms and attitudes – a corporate culture – in explaining the outcomes of succession planning, and, given these norms and attitudes, how the recruitment of reliable outsiders exceptionally has been used to provide a bridge from one generation to the next as well as facilitating internationalization.
<b>Germanic Europe</b> <i>High:</i> A, FO, PO, UA <i>Medium:</i> GE, PD <i>Low:</i> HO, IC, IgC	Governance and management are more complementary to each other, families in family businesses seek influence either through family members on the supervisory board or on the management board. Some families decide to shut external investors out of the entire business and to fuel growth by reinvesting most of the profits, which requires good profitability and relatively low dividends. Others decide to bring in private equity as a way to inject capital and introduce a more effective corporate governance culture. Such deals can add value, but the downside is that they dilute family control. Others take the IPO route and float a portion of the shares. An IPO can also be a way to provide liquidity at a fair market price for family members wanting to exit as shareholders.	From 1996 to 2006 a decreasing tendency of family internal transfers can be observed in some countries of this cluster and this although 90 percent of the entrepreneurs have children. Within the family, the transfer to the direct descendants is the most traditional way. In many cases successors are very familiar with the firm, have been working in the companies for years and even did their vocational training in the firm.
<b>Eastern Europe</b> <i>High:</i> A, GE, IgC <i>Medium:</i> HO, IC, PD <i>Low:</i> FO, PO, UA	In an unstable and weakly structured environment, informal networks often play a key role in helping family firms to mobilise resources, win orders and cope with the constraints imposed by highly bureaucratic structures and often unfriendly officials. Moreover, the social context inherited from the former socialist period appears to affect both the attitudes and behaviour of family firms and the attitudes of	Oligarchic economies can be successful for long periods of time. However, such economies can also be vulnerable to crises from a generational change in conglomerates' leadership or from inherent inflexibility. At the time of retirement, the founders of family firms face a tough dilemma of either hiring a professional manager and, thus, separating ownership and control, or passing control to a

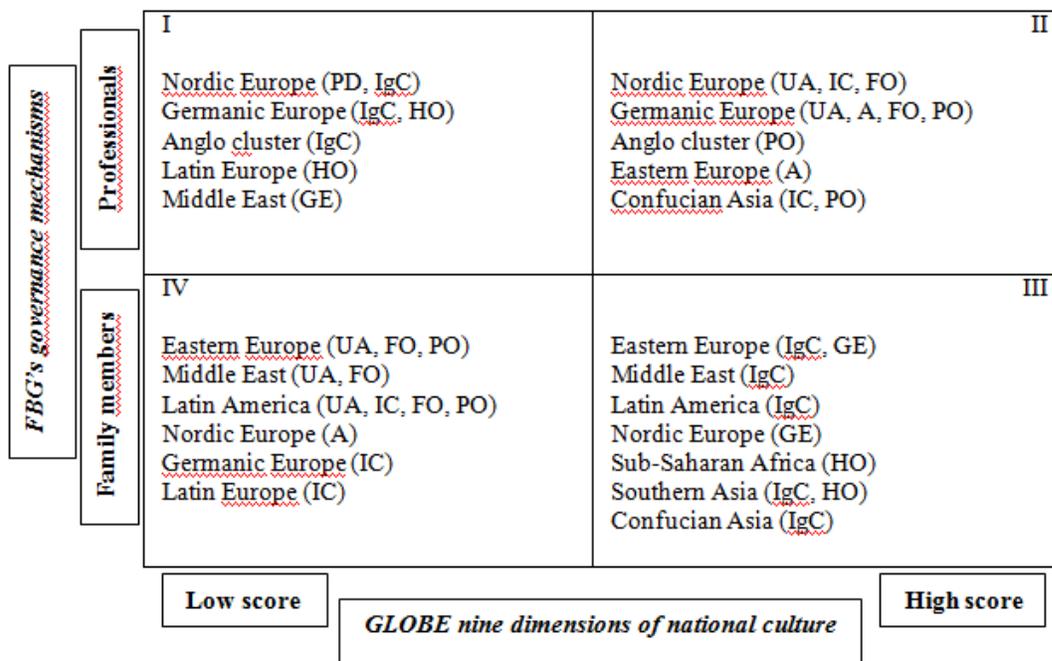
	society at large towards entrepreneurship. Research predicts that the already higher concentration of family ownership it is likely to increase further as countries' natural monopolies are reformed and privatized. Oligarch families seem to run their empires more efficiently than other owners.	less competent heir.
<b>Sub-Saharan Africa</b> <i>High:</i> HO <i>Medium:</i> A, FO, GE, IgC, IC, PO, PD, UA <i>Low:</i> n.a.	Involving relatives in one's business undertakings, whether as supervisors or workers, gives rise to intractable problems and tensions. Relatives do not respond to the same discipline as other employees because they usually demand special treatment, causing discontent among the workforce. Also, being jealous of the owner's success and resentful of his authority, they are more prone to dishonest and unreliable behavior in the workplace. The owner tends to be overwhelmed by continuous kinship obligations, such as requests for cash donations or gifts, demands to finance the education of nephews, nieces and younger siblings or provide more or less permanent support for widowed or deserted sisters.	Family connections may help in the early stages by providing start-up capital, yet this advantage is largely outweighed by the abovementioned shortcomings. Family entrepreneurs will therefore resist demands to provide jobs for a wide range of kin, irrespective of their qualifications. They know that a business cannot grow unless a clear separation exists between the business and the kinship spheres.
<b>Latin America</b> <i>High:</i> IgC <i>Medium:</i> A, GE, HO, PD <i>Low:</i> FO, IC, PO, UA	Family business continuity plans commonly establish a governance structure for the family and for the family business. The purpose of those structures is to improve strategy and control mechanisms of the family business and to organize the communication and relationship between family owners and business executives. Setting a formal board of directors is a key component in improving company's performance and bringing peace of mind to the family. This model becomes a key prerequisite for companies entering international financial markets.	In a large number of family businesses non-family board members take on an arbitrator role in solving conflicts between the business and the family. This role provides owner family members with peace of mind since, when emotions take control, the objectiveness provided by someone outside the family avoids resentment which, in the long run, can lead to broken family unity and family business groups' sustainability. The management of companies with different degrees of control allows them to survive in today's rapidly changing global business environment.
<b>Middle East/Arab cultures</b> <i>High:</i> IgC <i>Medium:</i> A, HO, IC, PO, PD <i>Low:</i> FO, GE, UA	<i>Wasta</i> is a central characteristic in the social and business operations in all the Middle Eastern. Family members usually hold management and other key positions within organizations and family members often collect regular pay but are not required to work. The father has absolute authority over activities of family members. There are many advantages of having such family relationships. They are instrumental in the creation of good business connections which are extremely important in Middle Eastern countries. Powerful often interconnected families may influence the sales of products and services, assist in cutting through the mountains of bureaucratic paperwork necessary to initiate business and provide help in getting acceptance of licensing and co-production agreements necessary for manufacturing production and regional distribution.	From birth young family members look to older members as role models and the older family members play thus a major role in the intergenerational transfer of religion, work ethic and societal values. Tradition dictates that a sheik follows, rather than leads, tribal-family opinion. Younger managers who have been educated at Western universities or those who work primarily with foreign corporations use participative management. Managers from the Gulf Region tend to disregard rules and procedures as man-made prefects. They prefer flexibility, but are by no means risk-takers. Tribal family norms and values encourage conformity and discourage creativity. Stability and commitment are highly valued in Islamic culture. Therefore, managers and employees should have a strong commitment to the organization.
<b>Southern Asia</b> <i>High:</i> HO, IgC <i>Medium:</i> A, FO, GE, IC, PO, PD, UA <i>Low:</i> n.a.	Generally there is a strong positive association between family size and family involvement in the ownership and control of the family business. The sons of the founders play a central role in both ownership and board membership, especially when the founder of the group is gone.	Part of the decay of family-run groups over time may be due to a dilution of ownership and control across a set of equally powerful descendants of the founder, which creates a race to the bottom in tunnelling resources out of the group firms.
<b>Confucian Asia</b> <i>High:</i> IgC, IC, PO <i>Medium:</i> A, FO, GE, HO, PD, UA <i>Low:</i> n.a.	The organizational structures of the FBGs in this cluster are pyramidal and tightly controlled by the lead firm which is often family-owned. In order to keep and maintain bilateral trading within business groups, FBGs place a high value on preferential relationships. There are low levels of formal coordination among family member and the FBGs are based on familial and ethnic ties and characterized by simple organizational structures with centralized decision-making. Overseas the entrepreneurial success is frequently attributed to Confucian cultural values of diligence, order, filial piety and familial responsibility, which promotes prudent use of resources and capital accumulation.	FBGs' international investments rely on <i>guanxi</i> driven project-specific investments aimed at generating fast returns. <i>Guanxi</i> is location specific since there is a limit on the number and depth of personal contacts that can be cultivated by an entrepreneur and his family. Consequently, the advantages conferred by <i>guanxi</i> might be expected to decline in more distant markets.

The table provides an overview of the extent to which FBGs' governance mechanisms and their resilience vary across cultural clusters. Our results highlight that governance mechanisms tend to be culturally embedded and cluster-dependent. In the Anglo cluster, for example, the governance mechanisms adopted (i.e. concentrated

ownership through dual class shares and/or pyramidal structures to enhance control) seem to reflect the high GLOBE score in Performance Orientation (PO) that characterizes the Anglo cluster<sup>2</sup>.

Similarly, the governance mechanisms adopted in the Latin European cluster rely on a large number of trusted people in foreign markets, especially when launching international operations, which seems to be aligned with their relatively high GLOBE score in In-group Collectivism (IgG)<sup>3</sup>. As for the resilience of governance mechanisms, this tends to mirror the cultural dimensions of Future Orientation (FO) and Uncertainty Avoidance (UA). Aiming to highlight how culture can affect FBGs governance, the results from the literature review were organized in the following matrix (Figure 1). The reliance on family members or professional managers is represented in one of the axis whereas the scores of the GLOBE dimensions of national culture are represented in the other one. Thus, quadrants I and II include those cultural clusters that mainly rely on professionals, while quadrants III and IV include those that mainly rely on family members. Similarly, quadrants on the left side of the figure (I and IV) include those cultural clusters that have a low score in the corresponding cultural dimension while those on the right (II and III) include cultural clusters that have high scores.

Figure 1: FBG Governance-Culture Matrix



<sup>2</sup>The performance orientation value score (variable “as it should be”) of the Anglo cluster is 4.37 (House et al. 2004) vs 4.1 which is the GLOBE mean.

<sup>3</sup>The in-group collectivism value score (variable “as it should be”) of the Latin European cluster is 5.66 (House et al. 2004) vs. 4.22 which is the GLOBE mean.

It can be noted in the first two quadrants that in the Nordic Europe, Germanic Europe, Anglo, Latin Europe, Eastern Europe, Middle East and Confucian Asia clusters professionals are the key actors in the FBGs' governance. Considering the third and the fourth quadrants, it is possible to note that in the Eastern Europe, Middle East, Latin America, Sub-Saharan Africa and also Nordic Europe, Germanic Europe, Latin Europe and Confucian Asia clusters the family members are the ones who play a key role in the FBGs' governance.

While the results are sometimes straightforward, some clusters may seem conflicting. For example, Nordic Europe is placed in the first quadrant because is characterized by low scores in Power Distance and In-Group Collectivism. However, it is also included in the second quadrant due to high scores in Uncertainty Avoidance, Institutional Collectivism and Future Orientation. Further, it also appears in the third one due to high score in Gender Egalitarianism and in the fourth one given the low score in Assertiveness. This means that FBGs located in this cluster simultaneously rely mainly on professionals but also consider the family members as crucial actors in the governance to a certain extent. Therefore, the figure reveals itself useful to understand the specific type of influence that each national culture dimension has on the choice of professionals or family members.

Similarly, Germanic Europe, Eastern Europe, Latin Europe, Middle East and Confucian Asia clusters also appear in more than one quadrant as a result of the various factors that incentivize the use of professionals or family members. In the case of Germanic Europe six dimensions of national culture (low IgC, low HO, high UA, high A, high FO, high PO) suggest a higher emphasis on professionals whereas the low IC stands for the relevance of family members. Four dimensions of national culture in the Eastern Europe cluster (low UA, low FO, low PO, high IgC) indicate that FBGs mainly rely on family members but the high score in A demonstrates that professional also matter. Two dimensions of national culture in Confucian Asia (high IC and high PO) show that FBGs rely on professionals but the high IgC suggest the use of family members as well. Finally, in a highly cultural diverse cluster such as the Latin Europe one, one dimension of national culture (low HO) reflects the preference for professionals while another one (low IC) suggests the use of family members. Similarly, for the Middle East cluster, one dimension of national culture (low GE) reflects the preference for professionals while another one (high IgC) suggests the use of family members. The situation is much clearer for the Anglo cluster because all dimensions of national culture allow us to say that FBGs located here extensively rely on professionals. The same can be said for Latin America, Sub-Saharan Africa and Southern Asia clusters for which all dimensions of national culture indicate that FBGs located here mainly rely on family members.

Overall, the quadrants show the relationships between the different societal clusters and the governance mechanisms investigated. They shed light on the differences between cultural clusters in terms of formal contracting situation. In the following table, we explain in more detail the relationships between the FBGs' governance mechanisms and the GLOBE's dimensions of national culture.

<b>Table 5 - Cultural clusters, dimensions of national culture and governance</b>	
<b>Cultural Clusters</b> <i>(Countries covered by GLOBE project)</i>	<b>Likely relationships between governance mechanisms and GLOBE's dimensions of national culture</b>
<b>Anglo cultures</b> <i>(Australia, Canada, England, Ireland, New Zealand, South Africa white sample, USA)</i>	Given the high score in PO and the low score in IgC, it seems that this cluster relies on professionals more extensively.
<b>Latin Europe</b> <i>(France, Israel, Italy, Portugal, Spain, Switzerland french speaking)</i>	Due to the low score in HO, it seems that this cluster relies more extensively on professionals but, at the same time, given the low score in IC it also does family members.
<b>Nordic Europe</b> <i>(Denmark, Finland, Sweden)</i>	Given the high scores in UA, IC, FO and the low scores in IgC and PD, it seems that this cluster relies more extensively on professionals. Only the low score in A and the high score in GE indicate some reliance on family members.
<b>Germanic Europe</b> <i>(Austria, Germany, Switzerland, The Netherlands)</i>	Given the high scores in UA, A, FO, PO and the low scores in IgC, HO, it seems that this cluster relies more extensively on professionals. Only the low score in IC and the high score in GE indicates some reliance on family members.
<b>Eastern Europe</b> <i>(Albania, Georgia, Greece, Hungary, Poland, Slovenia, Russia, Kazakhstan)</i>	Given the low scores in UA, FO, PO and the low scores in IgC and GE, it seems that this cluster more extensively relies on family members. Only the high score in A indicates some reliance on professionals.
<b>Sub-Saharan Africa</b> <i>(Namibia, Nigeria, South Africa black sample, Zambia, Zimbabwe)</i>	Given the high score in HO, it seems that this cluster relies more extensively on family members.
<b>Latin America</b> <i>(Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Venezuela)</i>	Given the high score in IgC and the low scores in UA, IC, FO, PO, it seems that this cluster relies more extensively on family members.
<b>Middle East/Arab cultures</b> <i>(Egypt, Kuwait, Morocco, Qatar, Turkey)</i>	Given the high score in IgC and the low scores in UA and FO, it seems that this cluster relies more extensively on family members. Only the low score in GE indicates some reliance on professionals.
<b>Southern Asia</b> <i>(India, Indonesia, Iran, Malaysia, Philippines, Thailand)</i>	Given the high scores in IgC and HO, it seems that this cluster relies more extensively on family members.
<b>Confucian Asia</b> <i>(China, Hong Kong, Japan, Singapore, South Korea, Taiwan)</i>	Given the high scores in IC, PO, it seems that this cluster relies more extensively on professionals. Only the high score in IgC indicates some reliance on family members.

The following Table 6 outlines the main findings in relation to the propositions that were put forward in Table 1. From the Table it emerges that 8 propositions out of 9 are supported by the data. Only the propositions about Power Distance does not find any support in the evidence provided.

<b>Table 6: Dimensions of national culture and their impact on FBGs' governance and their resilience</b>	
<b>GLOBE's dimensions of national culture</b>	<b>The impact on FBGs governance and their resilience</b>
Uncertainty Avoidance	<i>The proposition is supported by the FBGs governance dynamics of the Nordic Europe and Germanic Europe clusters where professionals tend to play a predominant role.</i>
Power Distance	<i>The proposition is not supported.</i>
Institutional Collectivism	<i>The proposition is supported by the FBGs governance dynamics of the Nordic Europe cluster where professionals tend to play a predominant role.</i>
In-Group Collectivism	<i>The proposition is supported by the FBGs governance dynamics of the Eastern Europe, Latin America, Middle East and Southern Asia clusters where family members tend to play a predominant role.</i>
Gender Egalitarianism	<i>The proposition is supported by the FBGs governance dynamics of the Middle East cluster, where family members tend to play a predominant role.</i>
Assertiveness	<i>The proposition is supported by the FBGs governance dynamics of the Germanic Europe cluster where professionals tend to play a predominant role.</i>
Future Orientation	<i>The proposition is supported by the FBGs governance dynamics of the Nordic Europe and Germanic Europe clusters where professionals tend to play a predominant role.</i>
Performance Orientation	<i>The proposition is supported by the FBGs governance dynamics of the Anglo-cluster, Germanic Europe and Confucian Asia clusters where professionals tend to play a predominant role.</i>
Humane Orientation	<i>The proposition is supported by the FBGs governance dynamics of the Sub-Saharan Africa and Southern Asia clusters where family members tend to play a predominant role.</i>

Overall our findings highlight that although FBGs are owned and controlled by a family, there are other factors apart from family ownership that tend to shape their governance mechanisms and their resilience. As found by the literature (Kim et al. 2004a; Kim et al. 2004b; Gupta and Levenburg 2010; Fuentes-Lombardo and Fernandez-Ortiz 2012), our findings provide further evidence that culture must be taken into account. Although in many countries the majority of businesses are family-owned such as in Europe (Cromie et al. 1999) and also in the United States (Gersick et al. 1997; Gallo 1995), the governance mechanisms associated with FBGs across different cultural settings have received very limited attention so far (Harju and Heinonen 2004; Zahra 2003; Okoroafo 1999; Davis and Harveston 1999; Gallo and Garcia-Pont 1996).

However, from our findings it emerges that, in line with Bertrand and Schoar (2006), the FBGs' governance mechanism is likely to be dependent on their family values which in turn tend to vary across national cultures and cultural clusters. Granovetter (2005), Pieper et al. (2008) and Della Piana et al. (2012) have previously highlighted the importance of the resilience between formal and informal ties to ensure both the longevity and the long-term sustainability of FBGs. While many studies examine the motivation behind the existence and organizational diversity

of FBGs at the country level, very few studies take into account the cultural influence and use a cluster level of analysis.

Overall, from a theoretical perspective this paper contributes to the debate about FBGs' governance (Kim et al. 2004a; Kim et al. 2004b; Gupta and Levenberg 2010; Mehrotra et al. 2011) by providing in-depth insights over the extent to which FBGs' governance mechanisms differ across the different cultural clusters. By doing so, the paper makes another theoretical contribution - different from previous studies often dealing with a specific country at a time (e.g. Veliyath and Ramaswamy 2000; Bertrand et al. 2008) - as it takes a step forth by taking the GLOBE cultural clusters as part of a coherent framework and contextualizing FBGs' governance within their broader cultural settings. In line with Gupta and Levenberg (2010), our study provides additional insights over the distinctive governance mechanisms that characterize FBGs.

The particular characteristics of family businesses, those that distinguish them from other type of businesses (Donckels and Frohlic 1991) and their local embeddedness (Uzzi 1996), allow them to pursue goals that are unique and specific (Ward 1988; Westhead 1997). Precisely these goals are likely to congruent with their broader national culture, besides being aligned with the family values (Walsh 1996). Therefore, our work represents an attempt to conduct a needed analysis of the FBGs' governance mechanisms and their resilience from a cross-cultural perspective. Additionally, the paper provides a research protocol that is replicable and apt to study a fast emerging topic. The emergent themes reported in this study indicate significant qualitative variations in the governance mechanisms in terms of ownership and control of FBGs across different cultural settings.

## **5 Conclusion, limitations and directions for future research**

Several managerial implications stem from our findings. Within the broader context of globalisation, the governance of FBGs is a very controversial topic that is particularly relevant for all sectors of the economy. For instance FBGs have been extensively engaged in mergers and acquisitions in the automotive and the fashion industries, where they have radically altered the more established industrial settings (PWC 2012; McKinsey 2010; Vecchi 2008, 2013). Market expansion strategies such as diversification and internationalization are widely adopted strategies among FBGs and they play a substantial role in local markets. Accordingly, companies looking for collaborative partnership with a FBG in order to reduce risk and time and capital requirements in their internationalization strategy should know about their particular governance mechanisms.

Furthermore, FBGs can offer many benefits to foreign companies such as a local business network, government contacts, knowledge of local markets, established channels, and an agile decision-making process. Conversely, FBGs can also gain from the new business opportunities and know-how that foreign companies may bring to the arrangement. By identifying the complementarities that FBGs can offer, foreign companies can enjoy frictionless entry into emerging markets and counterplay the so-called “liability of foreignness” (Vecchi 2013). Within this context, it becomes of paramount importance for managers and executives to gain a comprehensive cross-cultural understanding of the distinctive governance mechanisms that characterise FBGs.

In particular, within an increasingly multi-cultural society it becomes a priority for practitioners to fully grasp how FBGs’ governance mechanisms tend to vary across societal clusters, which causes FBGs to undertake different strategies. Our review of the existing literature on the FBGs’ governance mechanisms enriches our understanding of the diversity of FBGs across the world but it is not exempt of limitations. It is worth noting that, as Gupta and Levenburg (2010) suggest, actual diversity is likely to be even greater. First, our analysis has mainly focused on internal governance (Denis and McConnell 2003) and to a great extent on the ownership structure (Connelly et al. 2010), formal control and its resilience (Pieper et al. 2008). Future research should also investigate whether external governance and/or informal control through relational mechanisms (based on trust, loyalty, commitment, shared vision and/or social capital) would also vary across cultural clusters. The evidence collected in relation to ownership structure, control mechanisms and their resilience support the hypothesis that it is very likely to be the case. In particular, trust, loyalty, commitment, shared vision and/or social capital are likely to vary across different cultures.

Second, another unavoidable limitation of our review is the use of secondary data, which may not adequately portray information that is truly representative of FBGs worldwide. We therefore call for a finer-grained analysis of each cultural cluster. However, despite these limitations our study emphasizes the importance of contextual and cultural settings in the governance of FBGs. We believe that the dimensions discussed in this article will be useful for future research on FBGs. Subsequent studies could investigate how these dimensions vary across families or FBGs along certain characteristics, such as size, country and industry by testing specific hypotheses and by relying on a quantitative approach. A cultural perspective allows a wider depth and breadth than the traditional firm-level and country-level analysis alone. As such, future research should also adopt the GLOBE framework rather than Hofstede’s more static notion of national culture. However, additional cultural aspects can play a pivotal role in the corporate governance of FBGs opening up fruitful research avenues for future studies.

Finally, and as our analysis shows, some clusters remain under-represented in the literature, for instance the Sub Saharan Africa or the Eastern European cluster. Further research efforts are needed to understand how FBGs adapt their governance mechanisms to these specific clusters. As a future line of research, it would be interesting to extend the scope of our investigation by using a content analysis to capture a higher order level of analysis. To do so, it could be useful to employ available qualitative data analysis software.

## Appendix

<b>Table A1: Correspondence between Hofstede and GLOBE</b>				
<b>GLOBE's dimensions of national culture</b>	<b>Hofstede's dimensions of national culture</b>			
	Uncertainty Avoidance	Power Distance	Collectivism	Masculinity
Uncertainty Avoidance	√			
Power Distance		√		
Institutional Collectivism			√	
In-Group Collectivism			~	
Gender Egalitarianism				~
Assertiveness				~
Future Orientation				
Performance Orientation				
Humane Orientation				

(Source: Hofstede, 2006) √=direct correspondence, ~ = weak similarity

Hofstede (2006) has discussed the equivalence between his dimensions of national culture and those of GLOBE. While there is direct correspondence for uncertainty avoidance, power distance and collectivism (with institutional collectivism) the remaining six GLOBE dimensions are not found to have a direct correspondence among Hofstede's four dimensions. For example, Hofstede's masculinity is split into assertiveness and gender egalitarianism in GLOBE.

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