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Faculteit Bedrijfseconomische Wetenschappen

master in de toegepaste economische wetenschappen

Masterthesis

Determinanten van formeel familiaal overleg in private familiebedrijven

Mehmed-Akif Ciçek
Scriptie ingediend tot het behalen van de graad van master in de toegepaste economische wetenschappen, afstudeerrichting innovatie en ondernemerschap

PROMOTOR :
Dr. Ruveyda KELLECI

COPROMOTOR :
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2019
2020

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DISCLAIMER

This master thesis was written during the COVID-19 crisis in 2020. This global health crisis might have had an impact on the (writing) process, the research activities and the research results that are at the basis of this thesis. Additionally; there was an impact on the data collection, as semi-structured interviews were taken at family firms.

Due to the corona crisis, a lot of firms were closed which made it very difficult to contact them. Only 15% of the firms that were contacted did respond. Most of the firms that did respond after being closed due to COVID-19, claimed they were too busy because of work piling up. Of those that responded, only 22% agreed to take the interview. This means that only 3% of the companies contacted were actually interviewed, which made it very difficult and time-consuming to collect the data and led to a smaller sample than anticipated. The sample of eight companies is relatively small.

Some of the interviews were taken with face masks, which also made the recordings more difficult to understand and transcribe the interview. A few were also taken digitally through Zoom or Teams, which sometimes caused additional problems such as sound not coming through for a few seconds and other general noise and interference that can occur through these digital meetings. This also made the recordings more difficult to transcribe and may have resulted in some mistakes due to being inaudible.

PREQUEL

This master thesis with the following research question: "Why do private family businesses decide to implement formal and/or informal family meetings?" is the final part of the Business Economics education, with specialization in innovation and entrepreneurship at Hasselt University. The writing of this thesis was a very interesting and challenging experience. Moreover, writing this thesis gave me the opportunity to gain interesting insights on this topic. Before starting with the research, I would like to thank the people who contributed to writing this master thesis.

To start with, I would like to thank my promotor Dr. Ruveyda Kelleci and copromotor Prof. Dr. Pieter Vandekerkhof for their expert advice and guidance during this master thesis. Their feedback has been of great added value to the realization of this master thesis and without it, the end result would not have been possible.

Furthermore, I would like to thank the eight family firms that wished to cooperate anonymously with this survey, for freeing up their precious time and providing extensive answers for my questions. Without their cooperation, this research would have been impossible.

Finally, I would like to thank my wife, my family and my friends for their trust and moral support during the entire education.

Mehmed-Akif Ciçek
Diepenbeek, August 2020

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ABSTRACT

Sustainability of family businesses does not only depend on the success of the business, but also on the functionality of the family itself. The family can positively influence the company by being a competitive advantage, such as providing social capital. On the other hand, the family can also be a burden and negatively influence the company through conflicts, up to the point of causing the destruction of the business. Thus, the success of a business is largely influenced by the way the family organizes itself and its relationship with the business.

Because of the importance of family businesses for the economy, and the importance of family governance for family businesses, research into family governance has been a hot topic for the last two decades. However, there has been no explicit research on the determinants of these family governance mechanisms, with other words, why family business decide to implement such mechanisms.

This article reports on the results of a research into the determinants of family meetings, which are a form of family governance, in private family businesses. We performed a qualitative study and conducted semi-structured interviews in eight private family firms in Flanders. These determinants were examined on two levels, namely family-related and businesses-related determinants.

The results show that (1) a lack of transparency, (2) a lack of participation, (3) a lack of emotional cohesion, (4) family conflict and (5) misalignment of values are the main determinants on the family level that necessitate the need for family meetings. The main business-level determinants were: (1) succession policy, (2) decreased performance, (3) dividend policy, (4) the next generation working in the company and (5) exit policy. The findings from this study were of critical importance because it allows researchers to have a bigger understanding of the dynamics in family businesses which are so important for our economy. These findings can also be used by family business consultants in aiding family businesses regarding these matters.

Key words: Private family businesses, Family governance, Family meetings, Determinants, Business-level, Family-level, Transparency, Participation, Emotional Cohesion, Family conflict, Family values, Succession, Dividend

1. INTRODUCTION

Numerous studies have been conducted about the importance of family firms and their contribution to the economy. In contrast to publicly held businesses, the sustainability of a family business does not only depend on the success of the business but also on the functionality of the family itself (Stafford, Duncan, Danes, & Winter, 1999). The family can either be a competitive advantage for the business or an obstacle, e.g., in the event of dysfunctional conflicts, up to the point of causing the destruction of the business (Eddleston & Kellermanns, 2007). Thus, the success of a business is largely influenced by the way the family organizes itself and its relationship with the business. Furthermore, family firm success depends on the family processes and how the family responds to disruptions (as a team) rather than simply how the owner manages the business alone (Olson et al., 2003). These family processes, institutions and structures may be summarized by the term "Family governance mechanisms (FGM)" (Suess, 2014).

The following preliminary definition of family governance is introduced: "*Family governance consists of voluntary mechanisms established by the business family with the primary aim of governing and strengthening relations between the family and the business, as well as the relationships between the members of the business family itself*" (Suess, 2014: 2). The fundamental purpose of family governance is to make the rewards and demands of family participation in the business clear, to communicate opportunities for family involvement in the business, to ease the flow of information, to create trust and minimize manipulation by family members and, above all, to foster a sense of belonging to the business among the extended family (Gersick & Feliu, 2014).

Family governance is a continuous process that develops and keeps repeating itself over time. According to a study, the board of directors, strategic planning, and frequent family meetings, which are a form of FGM, were correlated with not only current competitive advantage, but also business longevity over multiple generations (Astrachan & Kolenko, 1994). When the family members are unified in their actions and work together towards a common goal, this is likely to be reflected in better financial performance of the family-owned business as well as the business-owning family[1] (Berent-Braun and Uhlaner, 2012). After all, collective action rather than independence or autonomy, which in contrary is often seen as an essential characteristic of entrepreneurship, seems to be central to the success of family businesses (Berent-Braun and Uhlaner, 2012).

Regardless of its importance, family governance is not legally obligatory and enjoys freedom of scope unlike other mechanisms in the business domain, for example the Board of Directors (Koeberle-Schmid, Witt, & Fahrion, 2012). Thus, there is no ''one size fits all'' rule for family governance and successful business families often create a very unique set of family governance methods that broadly depends on family values, the type of

[1] Although "financial performance" is a broad term and is a subjective general measure of a firm's overall financial health, Berent-Braun and Uhlaner (2012) have chosen to measure this by asking the respondents self-reported ratings of profitability of the business and family assets. No objective financial performance figures were requested of respondents, out of concern that this could negatively influence the response rate, which on its turn is a limitation of their study. Future researchers may consider using other measures for financial performance from independent sources, such as sales growth (Berent-Braun and Uhlaner, 2012).

business and its stage of development (Jaffe & Lane, 2004). These FGM range from rather informal family meetings to heavily structured, professional bodies such as family offices, family foundations and family committees designed for special purposes (Jaffe & Lane, 2004; Ward, 2004).

Family meetings are among the simplest and also the most common of family governance structures. These consist of recurring assemblies of family members to discuss business and/or family issues (Habbershon & Astrachan, 1997; Neubauer & Lank, 1998). Family meetings can vary considerably in terms of their membership policies, formality, meeting frequency and the topics covered (Suess, 2014). They are usually characterized by a high level of informality and, depending on the situation, are either a mixture of family and company problems or are exclusively devoted to company matters (Neubaer and Lank, 1998; Ward, 2004; Carlock and Ward, 2010). These family meetings are an important forum for the exchange of information and visions between active and passive family members regarding the functioning of the company and family-related topics, where they can develop joint solutions for different key matters. They also build awareness among the family members regarding the fact that they are unified by a common goal: the good of the company fostering the good of the family and vice versa (Koladkiewicz, 2014).

For family meetings to successfully fulfill these functions, there must be an awareness among participants of the benefits such meetings can have for both the family and the family business. However, awareness alone is not enough. It must be accompanied by actions giving structure to the meetings as well as facilitating their proper management. Family meetings, in spite of a lack of structural complexity, may become an important starting point for developing best practices in the process of managing relations in the family and family–company relations, especially those relating to managing emotions and resolving conflicts (Carlock & Ward 2010). In this master thesis we will focus solely on family meetings, which tend to be more informal, and the more formal family councils as the type of family governance to be researched[2].

For simplicity, we will use the term 'family meeting" for both types in our research. The only difference between the family council and the family meeting would be that the family council involves a more select group of the members of the family including different generations (Berent-Braun & Uhlaner, 2012). It is essentially concerned with the involvement of the family or families in the business where they can express their needs, what they expect from the business and the alignment of values in order to protect the business and the whole family's long-term interests (Gersick et al., 1997).

Because of the importance of family governance for family businesses themselves and the importance of family businesses for our economy, there are a growing number of articles devoted to family governance over the last decade, but there is neither an overview nor a consensus as to why business families decide to implement family governance mechanisms (Suess, 2014). Some antecedents for FGM have been presented in previous articles, for example older family businesses are more inclined to create family

[2] These are the most present structures in the family governance literature and are also called "family forum", "family assembly" (Suáre & Santana-Martín, 2004) or "family reunion" (Suess, 2014).

governance mechanisms than younger ones (Fahed-Sreih & Djoundourian, 2006; Suáré & Santana-Martín, 2004) as family size and the generation in charge are negatively associated with social interaction among family members, which can be overcome by family governance mechanisms (Mustakallio et al., 2002).

Although there is some research regarding the importance of these family governance methods such as family meetings and while some antecedents have been presented, there has been no explicit research on the determinants of these family governance methods, with other words, why family business decide to implement such methods. This research has also been proposed by Suess: "For this purpose, research could expand on the following question: Why do business-owning families decide to implement a comprehensive system of family governance and which family- and business-specific dynamics and effects does the establishment of such a system create?" (Suess, 2014). This article at hand lays the foundation for this research.

However, this proposal for further research by Suess is based on a very broad question which is out of the scope of this research. In this thesis, we examine the following research question: "**Why do private family businesses decide to implement formal and/or informal family meetings?**" In the literature, family meetings are seen as more informal and family councils as more formal, and are both a type of family governance methods. In this study, we will research the determinants of family consultation, whether it is formal or informal. For convenience, we will group these both under the term "family meetings", although family councils are also a part of the scope of this research.

With this study we hope to provide an answer to a question that has not been researched yet. Because there is little to no information available on this matter in the academic literature, research into the determinants of successful family meetings in private family businesses will undoubtedly yield valuable knowledge. This way, we would like to have a contribution to the academic literature and have a bigger understanding of the dynamics in family businesses which are so important for our economy. This knowledge could be used by family business consultants in aiding family businesses regarding these matters. As previously mentioned, the implementation of family governance mechanisms have been linked to better business performance, hence the need for researching these determinants because of the importance of FGM for family firms, and consequently for the economy (Berent-Braun & Uhlaner, 2012; Fahed-Sreih, 2009; Tower, Gudmundson, Schierstedt & Hartmann, 2007).

In this master thesis, we will look for determinants of formal and/or informal meetings within the family and the company. We also try to describe which aspects determined that these steps were taken, in other words, what reasons there were for the family to decide that it was useful or needed to implement these family meetings. Every family and every family business is unique, as such we will try to take into account this heterogeneity and view these determinants in relation to the individual position and composition of each firm where possible. What may be important, necessary or priority for one family firm may not be the same for the other.

The first part of this thesis will consist of the theoretical perspective based on a literature study, summarizing the knowledge accumulated to date on family meetings as an element of family governance in the family company. A thorough literature study is required in the first place to acquire the necessary knowledge and insights. Where possible, all kinds of concepts will first be analyzed theoretically in preparation for the research. With the conclusions and findings from the literature, we will develop our propositions and hope to ensure that there is a certain standard with which we can compare our observations. This makes it possible to observe whether certain aspects are overlooked and to what extent our findings differ from or add to the theory.

2. LITERATURE REVIEW

2.1. Theoretical framework

In this master thesis it is intended to develop a theoretical model (see Figure 1) based on the literature study which incorporates different theories. These will be discussed in this research such as agency, stewardship, and social capital theory. The emphasis of this research in the light of building this model will be put on the perspective of family complexity as a main driver for the construction and implementation of family governance practices. This complexity emerges due to the growth of the family firm and can give rise to conflict with regard to two prominent factors such as succession and equity control (Brenes, Madrigal & Molina, 2006). The reason for this lies in the fact that this complexity causes a decrease in financial performance (Lambrecht & Lievens, 2008); good relationships within the family (Gimeno, Labadie, Saris, Mayordomo, 2006); misalignment of values and goals (Ward, 1997); and a rise in agency cost conflict (Schulze, Lubatkin, Dino, & Buchholtz, 2001).

According to Ward (2002) only 30% of family firms survive in the transition to the second generation, 10% survive into the third and only 4% remains in existence after that. Most family firms do not find it necessary to implement a certain formal governance structure where there is only one controlling family member. The decision usually takes places after the involvement of the second generation to deal with the growth and planning of a succession. Even though there is awareness amongst family firms that family governance can have its advantage, such as a platform for socializing with each other and open communication, they have not fully implemented these structures (Brenes, Madrigal, & Requena, 2011).

2.2. Corporate governance

Corporate governance can be seen as a system to help direct and control companies (Cadbury, 1999). It helps mitigate or solve potential conflict of interests between different stakeholders (Suáre & Santana-Martín, 2004). For family firms, in addition to company problems, there are also family problems. This can either be within the family or between the family and the business. This is why it is important that the corporate governance should include additional family governance mechanisms to resolve conflicts which can endanger the continuity of the firm. In this way, it is equally important to manage the relationship of the family in addition to business relationships (Cadbury, 2000; Carlock & Ward, 2001).

The relationship between family members is based on trust (Aronoff and Ward, 1995) which may give the family firm a competitive advantage on which governance mechanisms can be built upon (Hosmer, 1995; Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001; Steier, 2001). This relational trust however, can be damaged as the business and the family evolve towards a sibling partnership or a cousin consortium, thus making it necessary to construct and implement a family governance mechanism to strengthen family ties (Gersick, McCollom, & Lansberg, 1997; Steier, 2001). Family governance is a mechanism in order to manage and give direction to the family relationships and the relationship between the family and the business. Whether these mechanisms are formal or informal is found to be varying over time, in correspondence with the life cycle of the family and the firm (Gersick et al., 1997; Neubauer & Lank, 1998; Carlock & Ward, 2001).

Suáre and Santana-Martín (2004) have explained this evolution in their research in a more detailed manner. In the first stages the family will be more likely to hold informal meetings because there is no need for any formality. The family is limited and nearly everyone is involved. The information about working in the family firm will be gradually transferred to the offspring while matters concerning the business are being shared. This allows the next generation to have more knowledge of the business and to be more involved. This will provide them with a sense of responsibility to understand the business and allows them to be able to respond to business challenges (Suess, 2014).

Suáre and Santana-Martín (2004) further discuss that these informal meetings continue until the family has grown too much after three to four generations. Afterwards, there will be a need for creating a forum, either called a "family assembly" or a "family forum". It is especially useful in the cousin consortium stage where it has an important role in avoiding conflict between different branches of the family with the inclusion of active as well as the inactive family shareholders. In this way, the family forum can be a useful tool in dealing with matters of family interest and the relationship between the family and the firm.

If the family grows too much that it cannot be handled through a family forum, then it is only suitable for the implementation of a more formal structure like the family council which has four main functions (Suáre and Santana-Martín, 2004): intermediary between the family, board of directors, and the management; selection process of candidates to the board; construct family protocol and to discuss important family matters. As it was stated earlier it is equally important to manage the relationship of the family in addition to business relationships. In the following section there will be a brief discussion about family governance and the benefits derived from it according to business literature.

2.3. Family governance

In this chapter, family governance methods will be further elaborated according to the existing literature because of its importance in the family business research. It is even being seen as the most important topic in family business articles (Debicki, Matherne, Kellermanns, & Chrisman, 2009; Yu, Lumpkin, Sorenson, & Brigham, 2012).

The term family governance broadens the conventional definition of governance and is a system of processes and structures with its main purpose to govern and strengthen the relationships within the family and between the business, where it provides the necessary leadership and structure (Suess, 2014). Although it is not mandatory (Koeberle-Schmid, Witt, & Fahrion, 2012), research has linked the implementation to better business performance (Berent-Braun & Uhlaner, 2012; Fahed-Sreih, 2009; Tower, Gudmundson, Schierstedt, & Hartmann, 2007). So the family has to effectively and efficiently organize themselves in order to positively affect the performance of the business and preserve family wealth (Gersick & Feliu, 2014).

According to Gallo and Kenyon-Rouvinez (2005) family governance facilitates unity among the family members and allows them to come forward as one unified voice. This paves the way for the following advantages of family governance: family members learning about the business, fostering good relationships through communication, developing stewardship and participation of all family members in the business and social activities. As previously mentioned, there is no one-size-fits-all structure of family governance mechanisms, so these can range from informal to formal according to the need of the family or the firm (Jaffe & Lane, 2004; Ward, 2004).

Furthermore, Gallo and Kenyon-Rouvinez (2005) state that the main purpose of family governance in the first place is to clearly communicate the goals, mission and the values of the family firm and that the decisions are in line with these. It also gives the family members a good perception about the business and their subsequent role in it. If all these aspects are in place, good governance will have the following benefits: shareholder commitment, better marketplace performance, transparency and trust. These outcomes are the prerequisites for ensuring the sustainable continuity of the family firm (Gallo & Kenyon-Rouvinez, 2005).

As previously discussed, the existence or formality of these structures depends on the complexity of the family firm. Families in small firms often have a good relationship with each other and do not find any need for all these structures. However, good family relations do not self-evidently guarantee continuity, communication, alignment of values, and the ability to resolve conflicts (Gallo & Kenyon-Rouvinez, 2005). Specifically, the implementation of family governance can provide the much needed structure in order to mitigate the social complexity of the expanding family and dispersed ownership (Jaffe and Lane, 2004). As previously discussed, the informal family meetings usually occur in the first generation where there is one controlling owner. Because of the small size of the firm, the organisation tends to be dependent on all the family members (Suáre & Santana-Martín, 2004) where they already share the same values and goals (Dyer, 1986). As the company matures, the family meeting evolves towards a more formal mechanism to align the difference in family interests (Flamholtz, 186).

In addition to the evolution of the company there is the growth of family size which also requires more formal mechanisms such as a family council to avoid conflicts. If this is not possible, the families may resort to "pruning". Pruning means reducing the number of family shareholders to ensure that only family members committed to the longevity of the business remain within the ownership structure. This usually happens during the third generation in order to regain a concentrated ownership structure just like in the first generation stage (Suáre & Santana-Martín, 2004).

Thus, the complexity of family ownership makes it a challenging task in terms of implementing family governance. Families are usually spread throughout the top-level of the firm, such as across the board of directors and top management, where they have different roles (Tagiuri & Davis, 1996), which inevitably blurs the relationships between these different roles. In addition, the emotional attachment of family members to the firm can distract the family from focusing on economic goals (Mustakallio, Autio, & Zahra, 2002). This is important to keep in mind as it is the family that often makes the most important business decisions (Gallo & Sveen, 1991).

Because of the previously mentioned difficulties, the family firm needs a governance structure that matches the complexity of the family (Mustakallio et al., 2002). This can be done through formal controls which are derived from the agency theory and will be discussed later in this research. Furthermore, it is equally important to establish a shared vision in order to reduce conflict. This can only be achieved through promoting social interaction or communication between family members (Mustakallio et al., 2002). Because of the prevalence of the family council over the family meeting, it will be further elaborated later on in the next section.

2.4. Family council

The family council functions as the board of directors of the family (Poza, 2009). While the composition can be different for each company, the main purpose is to establish a platform where every family member can voice their values, needs, expectations and it allows for the development of family policies (Gersick et al., 1997). As a result, different functions can be executed as for example forging family consensus and counter decreasing social contact as the family grows (De Vries, 1993; Mustakallio, Autio, Zahra, 2002); postulate a family strategy; communicate about family conflicts (Benson, Crego, Drucker, 1990; McManus, 1990); succession planning (Handler, 1994; Leon-Guerrero, McCann, Haley, 1998; Lansberg, 1999); welcoming and involving younger generations (Lansberg, 2007; Poza, 2009).

We introduce the following conceptual model with the propositions that will be introduced, based the findings from the literature:

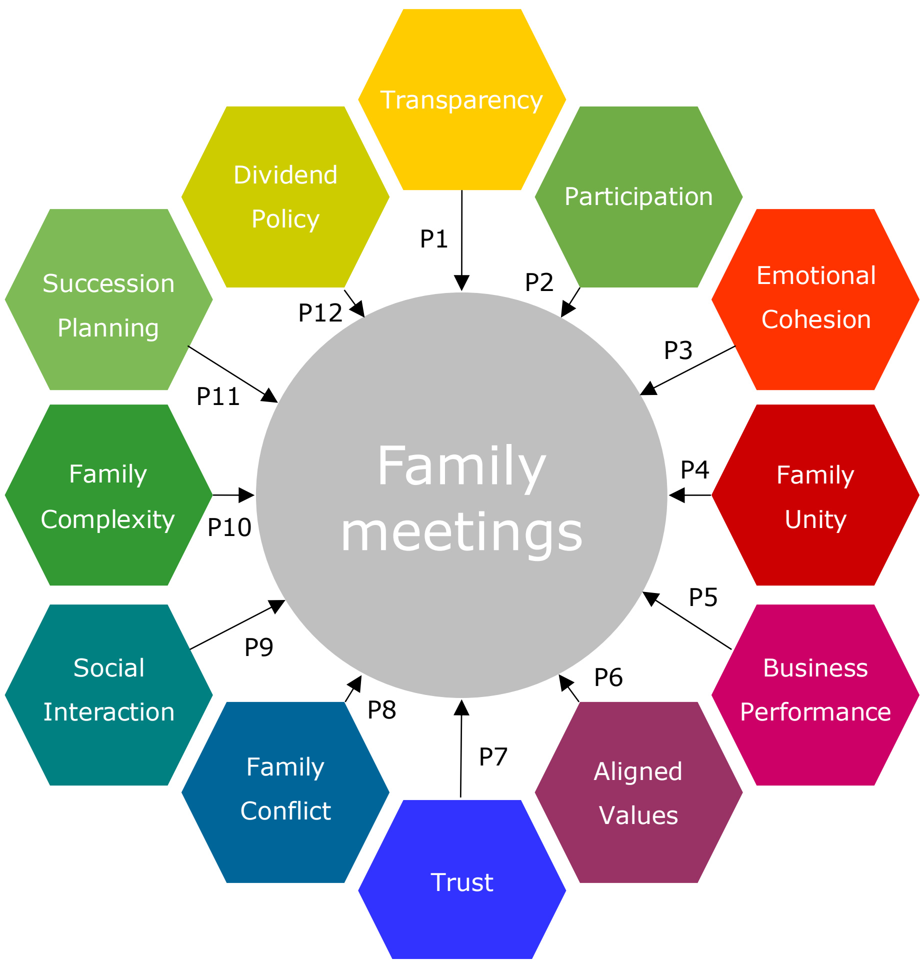

Figure 1: Conceptual model

The family council helps the family to come out as one unified voice which enables transparency between family members and creates a supportive environment for better performance. Subsequently, it gives the opportunity that conflicts can be dealt with outside of the business activities, which will have less impact on the competitive performance of the family firm (Brenes et al., 2011). Not only does such structure govern the relationships between the family members and the business (Gallo & Kenyon-Rouvinez, 2005), but it also gives the family members "a feeling of inclusion and appreciation" by letting everyone participate in important family and business matters (Martin, 2001). Otherwise, no one gets the opportunity to express themselves and feels left out. This might result in conflicts on the one hand, such as family members who are upset and feel left out suing the company. On the other hand, family members might get angry because of certain decisions such as the appointment or promotion of someone they did not find suited (Martin, 2001). The following proposition is introduced:

"P1: A lack of participation increases the need for family meetings" [3]

Although the implementation of the family council is not obligatory, the family firms who decided to engage in this type of family governance found that it had led to improvements in communication and better social relations between family members, which can lead to a higher level of "transparency, clarity, and trust" (Brenes et al., 2011). In conclusion, according to Gallo and Kenyon-Rouvinez (2005) a good family governance will lead "to a stronger family and a stronger business." This is why the following proposition is included in the conceptual model:

"P2: A lack of transparency increases the need for family meetings"

Despite the advantages of family governance, only a small percentage of family firms adopt such governance structures. This is mostly due to the fact that the importance for the family depends largely on the stage of the company. As the family and business increases in size and enters the cousin consortium stage, the family relations and firm management become more complex. This dispersion of the family causes the weakening of the relationship with the business. Additionally, emotional cohesion within the family, which is the coherence of thoughts and emotions in order to continue to function as a group in all circumstances, also decreases when the family members are not able to identify themselves with the values of the company (Gersick et al., 1997; Labaki, 2011). Frequent meetings in a forum can enhance the relationship between the family and the firm by enhancing this emotional cohesion and automatically lead to the alignment of family interests (Labaki, 2011). This why the following proposition is put forward:

"P3: A lack of emotional cohesion increases the need for family meetings"

This means that this type of governance mechanisms can ensure family unity, which affects the continuity of the business. Conversely, every action taken in these structures to ensure business continuity leads in turn to trust and better social relations, because the conflicts can be resolved before it has a negative impact on the firm (Michiels

[3] As mentioned before, family meetings are seen as more informal and family councils as more formal in the literature. In this study, we will research the determinants of family consultation, whether it is formal or informal. For convenience, we will group these both under the term "family meetings" in our propositions, although family councils are also a part of the scope of this research.

et al., 2015; Brenes et al., 2011; Gersick et al., 1997; Habbershon & Astrachan, 1997; Poza, 2009). We introduce the following proposition:

"P4: A lack of family unity increases the need for family meetings"

While doing extensive research on family business literature, it was noticed that there is hardly any reference to a certain theory. Among those that applied theory, only a few articles explicitly connected their theoretical reflections to family governance (e.g. Suess, 2014; Berent-Braun & Uhlaner, 2012). These theories are the agency theory, stewardship theory and social capital theory. The following paragraphs will discuss these theories with its appliance in the family governance literature.

2.5. Agency theory

One of the theoretical foundations of this study is the agency theory or the principal-agent theory (PAT). It describes a contractual conflict between a principal (the owner) and an agent (the employed manager), which arises because the two parties each strive for maximizing their own personal interests (Jensen & Meckling, 1976; Ross, 1973) and this can lead to information asymmetry (Lubatkin, 2007). The main goal of a company should be working towards the maximization of the economic interests of the owners. Hence, it is their duty to establish control mechanisms such as governance to monitor and control the agents in order to assure compliance to work towards the main purpose of the company. However, implementing such family governance structures comes with a cost. Therefore, it should be kept in mind that minimizing agency costs is also an important contributing factor of success for the firm and it can be used as a measure of the effectiveness of such mechanisms (Gersick & Feliu, 2014).

Although agency theory is not directly applicable for first and usually second generation family firms, because the owners are also the managers, this problem still can arise in older family firms who have an external CEO or manager(s) (Jensen & Meckling, 1992). Agency theory has received criticism for not taking the positive effects of good social relationships into account (Ghoshal & Moran, 1996). Therefore, this research proposes to also look at governance from a relational view by adding the stewardship and social capital theory, which will be discussed in the next chapters.

2.6. Stewardship theory

Complementary to agency theory, one of the theories explaining behaviour in family businesses is stewardship theory. It assumes that the agent is a "steward" which identifies itself with the business and acts in an altruistic way serving in the economic interests of the firm. In other words, they ascribe a higher utility to the organization than themselves. Stewardship theory assumes that the performance of the people within the firm and the business itself can be maximised if the relationship between the steward and the principal is based on stewardship theory rather than agency theory (Davis, Schoorman, & Donaldson, 1997; Donaldson & Davis, 1991; Hernandez, 2008).

While agency theory focuses on the short-term, stewardship theory is applied in a long-term context (Hernandez, 2008). Also, while control mechanisms in agency theory can be contributive of nature, in stewardship theory it may lead to a reversed effect (Davis et al., 1997). This is especially applicable to family firms because the family members are likely to "internalize the performance of their firms, commit a great deal of their time and energies to their firms, and intertwine their personal histories with the business' histories" (Blumentritt et al., 2007). This reflects itself in trust and commitment due to personal connection one has in the family business, which is being categorized as intrinsic motivation, while agency theory puts an emphasis on monitoring, extrinsic incentives and contracts, which in turn is categorized as extrinsic motivation (Blumentritt et al., 2007). Suess (2014) correlates the implementation of effective family governance with increased stewardship behaviour among family members, strengthened cohesion, improved mutual relationships within the family and with the business.

2.7. Social capital theory

Social capital is the value that is derived from social relations and networks with ascribed advantages such as efficient communication and cooperation, whether it is on individual or organisational level (Leana & van Buren, 1999). There is a distinction between "familial social capital" and "organisational social capital". The first is embedded in the relationships and communication between family members and is necessary for the functioning of the family firm. The latter is the result of the interactions and relations between the family firm and the external stakeholders (Arregle, Hitt, Sirmon, & Very, 2007).

Family governance can set the stage for improved social interaction between family members. This essentially becomes necessary as the firm matures and the family grows too much in size, which causes a decline in their interactions and relationships. These improved social interactions may reflect itself in a shared vision among the family (Mustakallio et al., 2002). Family governance can also pave the way for the emergence of organisational social capital and "associability" (Berent-Braun & Uhlaner, 2012) where family members pursue shared goals instead of their own (Leana & van Buren, 1999).

Nahapiet & Ghoshal (1998) classify social capital into three different dimensions. The structural dimension entails the different characteristics of the relationships. The relational dimension looks at the generated assets as a result of these personal relationships. Lastly, the cognitive dimension "deals with resources that provide shared interpretations and language among parties" (Mustakallio et al., 2002). In this research however, only the structural and cognitive dimensions will be used due to their relevance and contribution. The structural dimension deals partly with family institutions, size and social interactions, whereas the cognitive dimension is represented by shared vision.

One of the other underlying aspects of social capital is shared vision. It is a recurrent element in this research which forms an integral part of our conceptual model. Shared vision can only take place in an environment of strong personal relationships and can be used as a governance mechanism (e.g., Uzzi, 1996). Thus social relations within the family have the greatest impact on the operation of the firm (Harvey, 1999) because we know from Mustakallio et al. (2002) that communication enables shared vision and this in turn can cause better decision quality which can improve business performance. This is why we incorporate this in our conceptual model with the following proposition:

"P5: The decrease in business performance increases the need for family meetings"

Good social relations are best fostered in family governance mechanisms such as a family meeting or a family council, where opportunities are created for family members to gather and discuss about company and/or family issues, which leads to the desired increase in interaction (Mustakallio et al., 2002). We want to draw the attention that according to Mustakallio et al. (2002) the greater the variety of such family governance mechanisms, the higher the level of social interaction will be. The need for communication can be an incentive to build a family governance in order to create a shared vision, because it has a positive effect on the performance of the family firm. But this relation implies other results as well, such as resolving conflicts and alignment of values. In addition, it is also visible that communication and alignment of values (in order to make decisions) is a possible indication of a determinant towards building a family governance structure (Dooley & Fryxell, 1999). Hence the following proposition:

"P6: A misalignment of values increases the need for family meetings"

In order to align values to work towards a common goal, the family needs to establish a platform and culture of open communication because social capital is built upon trust (Bubolz, 2001). This platform can help restore family relations and trust and provide necessary information in order to make quality decisions. Our next proposition is as follows:

"P7: A lack of trust between family members increases the need for family meetings"

These theories give insight how an agent or steward can contribute positively to the business. Agency theory assumes transparency through defining clear goals to ensure better performance at the level of executives. It is the responsibility of the principal to create an appropriate governance structure in order to speak with a unified voice which in turn will allow better control or evaluation at top-level. According to Blumentritt et al. (2007) the success increases as the goals become clearer. Stewardship theory assumes emotional connection. This can only be developed through social interactions which can be facilitated through family governance to foster trust and commitment. Thus the need for a structure and ensuring emotional connections will have an impact on meeting the objectives of the family firm. Lastly, social capital is a resource of family firms which gives them a competitive advantage because it results in a shared vision and goals, a common strategy and improved communication, which leads to better business performance (Berent-Braun & Uhlaner, 2012).

2.8. Conflict in family firms

In this section, the different issues of conflict will be discussed regarding multi-generational family firms with increased complexity. This complexity entails more family members being integrated in the company, succession challenges and a dividend policy to satisfy financial needs of some family members with own interests. Conflict management is vital for business success if the family wants the firm to survive throughout generations (Martin, 2001).

Martin (2001) pointed out that every member of the family should be included in family governance mechanisms such as a family meeting or a family council. Otherwise it could lead to frustration and isolation, even provoke legal actions against the family or the company. In order for a conflict to be avoided or to be resolved, the family must consider proper family governance mechanisms, for example with regard to dividend policy and succession, which will be discussed later.

The mitigation of conflict can be achieved through family unity and it has a bidirectional characteristic. Either, the family unity can be a cause for the implementation of family governance practices (Poza, Hanlon, & Kishida, 2004), which has been proposed earlier, or it is the need for conflict resolution that can be the precursor of such practices (Martin, 2001; Brenes et al., 2011). Taking the above in consideration, the following proposition is introduced:

"P8: Family conflict increases the need for family meetings"

2.8.1. Multi-generational family firms

The growth of a family firm can be characterized by business age, family size, or the number of generations in the family (Suess, 2014). As a family business grows throughout generations, it becomes increasingly difficult to preserve family wealth and maintain control over the company because there is an increasing pressure from the growing amount of heirs and relatives. It is a long and difficult journey where few succeed and it is important to create a proper governance structure to represent every family member and at the same time pave the way for efficient collaboration (Jaffe & Lane, 2004).

Fahed-Sreih & Djoundourian (2006) state that mature family firms, which have already undergone a succession or find themselves in a multigenerational family company, are more inclined in setting up a formal structure than young ones. Even though the creation of family governance structures are more associated with older family businesses, it should not prevent younger firms from using such practices (Jaffe & Lane, 2004).

When numerous family members become involved in the family business, the family has to focus on implementing more formal structures (Jaffe & Lane, 2004). According to the research of Mustakallio et al. (2002) the increasing generation is negatively associated with social interaction. However, this aspect of family firms can be overcome by implementing family governance mechanisms. Hence, the following proposition:

"P9: A lack of social interaction increases the need for family meetings"

FGM such as family meetings is not necessarily about good business practices but about the values of the family, the goal that they are working towards and making every family member understand his or her role in the company. In order to allow a family member to fully understand their role, the ownership group must include them in the structure by allowing their participation. This will help the family to act as one unified voice and subsequently communicate broadly their wishes to the board, which in turn will result in continuity and profitability (Jaffe & Lane, 2004). Regarding the pursuit of a central business goal, the growth and dispersion of the family also causes a misalignment of shared goals among family members (Habbershon & Astrachan, 1997).

When a family decides to organize themselves, the problem they face is that when the amount of family members grow exceedingly beyond what is efficient, it becomes difficult to be managed. Another implication is that when the family grows in size, the more family members there are who do not actively take part in the business which in turn requires for more information and coordination (Brenes et al., 2011). In some family firms there are family members who have decision power or responsibility over certain assets, but have personal interests as well, just as we have discussed concerning the agency problem. For example a family owner who owns a piece of property but at the same time has its own real estate company. By selling the property, he gets his share of sale and receives additional commission. This conflict of interest causes conflict within the family firm, which can evolve dramatically involving even lawsuits (Jaffe & Lane, 2004). This might in turn result in the disintegration of the family firm (Chittoor & Das, 2007). Taking into account the previous paragraphs, the following proposition can be stated:

"P10: A higher family complexity increases the need for family meetings."

2.8.2. Succession

Another recurring challenge in family firms is the matter of succession. When the family keeps growing it will eventually reach a point of complexity where the need for professional and formal processes increases. Many family firms have failed due to lack of qualified management because of selecting managers based on nepotism (Jaffe & Lane, 2004). Even if there is a formal and strict evaluation process for family members to achieve management positions, it must be clear that this is not a substitute for more qualified professional people in the market. It would be ridiculous to think that the people within the family will always have the best management skills (Ramachandran, 2001). Moreover, according to Chittoor and Das (2007), an efficient management succession to a nonfamily professional has a positive impact on succession performance.

Only a small amount of family firms manage to survive after transitions (De Vries, 1993; Ward, 1987). In this context, succession planning is a prevalent topic in the family business literature (Chua, Chrisman, & Sharma, 2003). In order to understand the underlying difficulties which give rise to a succession problem, two important changes in the family are included in this research. The first is increasing individual autonomy (Gilding, 2000) where "investments in oneself are likely to be more profitable over the long haul" (Goode, 1993). The next generations put more emphasis on their own decisions and personal development which can cause them to choose to do other things than to run the family business. This provokes owners to leave all the wealth of the family to their children on an equal basis which should instil a certain commitment to ensure business continuity (Gilding, 2000).

The second change is democratization (Gilding, 2000) which implies concepts such as "equality, mutual respect, autonomy, decision-making through communication and freedom from violence" (Giddens, 1998). In this context, the emphasis on the quality of relations in families is more important than ever, where this can be nourished through commitment, trust and communication (Gilding, 2000). According to Gilding (2000) most owners applied the principle of equal distribution or equal inheritance in order to avoid conflict. The danger with this way of distributing wealth is that it can cause the dissipation of ownership and endanger the continuity of the family firm or still give rise to conflict, for example if an active family member gets the same amount as a non-active family member.

Both of these trends jeopardizes the social relations within the family and business continuity. This is why there is a growing tendency towards reconciling these problems with a relevant and suitable family governance (Gilding, 2000). Chittoor and Das (2007) even found suggestive evidence that if certain process mechanisms are in place for succession, this will lead to the formation of a common interface, where the interests and values of the family are being shared. This creates an alignment of vision and strategy which will likely lead to better succession performance. In their case studies they found out that in family firms who did not incorporate such practices, the family members found themselves in conflict, which eventually led to the disintegration of the family.

Morris, Williams, Allen, and Avila (1997) found several factors which cause the succession to fail. The most significant of them are on the one hand conflict between family members, which account for 60%, and on the other hand unprepared heirs which made up 25% of the cases. Effective succession planning has a positive correlation with continuity and hence longevity (Lank, 2001). This is why it is considered as a determinant in this research and the following proposition is put forth:

"P11: A lack of effective succession planning increases the need for family meetings"

The reason why the previous proposition is mentioned because it is considered as the lengthiest strategic process for a family business due to its complexity and its major consequences for the family firm (Fahed-Sreih & Djoundourian, 2006). If the owner fails to prepare it adequately, it will jeopardize the continuity of the family business (Beckhard & Dyer, 1983; Handler & Kram, 1988). It should be noted that there is a link between succession and family conflict. As mentioned before, the ability to resolve conflicts has a significant contribution to the family business (Chua, Chrisman, and Sharma, 2003) and is dependent on the level of communication (Mustakallio et al., 2002).

2.8.3. Dividend pay-out

Another way of resolving conflict is considering compensation (Chua et al., 2003), which can also be seen as a determinant of family meetings. In family firms, the business owning family has a primary purpose of growing wealth, which they share and consequently protect by means of value creation (Habbershon, Williams, & MacMillan, 2003). In order to generate and preserve this wealth, Berent-Braun and Uhlaner (2012) used the term "owner focus on shared wealth" meaning "the attitudes and actions of the owning group aimed at joint preservation and growth of family (versus individual) assets via business value creation".

If the agency theory is applied in this context, it means the rise of an intra-familial principal-principal conflict between active and passive family shareholders (Gersick et al., 1997; Schulze et al., 2001; Stewart & Hitt, 2012). Active family shareholders are more likely to reinvest the cash back into the firm, whereas passive family shareholders do not take the long-term vision of the business in consideration because there is no associability (Berent-Braun & Uhlaner, 2012) and prefer to receive the dividends as soon as possible (Gersick et al., 1997).

In publicly held firms, the value of the dividend is reflected in the stock market. Controlling shareholders face of trade-off, namely the decision to maintain control of corporate resources, or face a decrease in stock price when this decision is mirrored in a no or low dividend policy (Faccio, Lang, & Young, 2001). In contrast, privately held firms do not have the disciplining role of the stock market. This leaves a gap for in determining the propensity and the valuation of the dividend policy (Michiels, Voordeckers, Lybaert, & Steijvers, 2015). Although Michiels et al. (2015) did not research the amount of dividends but rather the propensity to pay dividends, they found that family governance had an important role in avoiding or resolving conflicts between family shareholders through the payment of dividends and an increased propensity to pay dividends, which can lead to an optimal dividend policy. The following proposition is formulated:

"P12: A lack of an effective dividend policy increases the need for family meetings"

3. METHODOLOGY

3.1. Data collection

3.1.1. Choice for a qualitative study

According to Maso and Smaling (1998) the choice between quantitative and qualitative research must be made based on some considerations. To do this is it is important to iterate the purpose of this research again, which is to determine why private family businesses decide to implement formal and/or informal family meetings. Hereby we did not only investigate the existing knowledge on this topic, but also the determinants that are not known in the literature. There is little to no information about this topic in the literature however and little is known about these determinants. Additionally, we have a "why" question that we want to research in depth.

A quantitative analysis is therefore less suitable in this study, because the researcher must be exploratory (Van Zwieten & Willems, 2004). The research by Silverman (2001) also compares qualitative analysis with quantitative analysis. This study shows that the researcher using a qualitative analysis gains more insight into a particular problem. In addition, a qualitative analysis allows the investigator to ask further questions and intervene when the respondent did not understand the question correctly. This ensures that distortions in the research can be avoided (Patton, 2015).

3.1.2. Choice for a semi-structured interview

The respondents of family firms were questioned on the basis of face-to-face semi-structured interviews (Lee, Mitchell, & Sablynski, 1999). On one hand, this interview technique makes it possible that the formulated propositions from the literature research can be tested. On the other hand, this technique also allows to conduct an exploratory research, including as much additional information as possible obtained about the determinants the companies may use to implement family meetings that are not described in the literature research. Another advantage is that this method provides more flexibility (Baarda, et al., 2013). One can always change the order of the questions during the interview and it is also possible for the researcher to adapt himself to the answer that is formulated by the respondent to obtain more information (Mortelmans, 2013). The interviews were recorded via a Dictaphone app, which makes it possible to retain and transcribe the information as well as possible (Maso & Smaling, 1998).

In addition, semi-structured interviews may ensure that the various interviews can be compared more easily. This is because using this method makes it possible to safeguard the structure by questions formulated in advance (Mortelmans, 2013). At the same time, this method also allows that the respondent gets enough space to address the reasons they have experienced for holding family meetings (Baarda, et al., 2005; Van Zwieten & Willems, 2004). Before taking the interview, the respondent was asked permission to record the interview and was informed that all information would be kept confidential and all names would be kept anonymous.

3.1.3. Sample selection

Respondents in this empirical study were selected through purposive sampling, also known as targeted sampling (Patton, 2015). The reason for choosing this sampling strategy was to select as many relevant respondents as possible who can inform the central research question. In order to do this, the respondents had to meet certain conditions (Van Zwieten & Willems, 2004). Firstly, public companies were excluded as we only focus on private companies. Secondly, non-familial and other similar companies were also excluded because this research focuses only on family businesses.

Although there are different definitions to what family firms are, we based ourselves on the following definition: family ownership of more than 50 percent of the business and at least one of the following criteria: more than one family member working in the business, or the owner anticipates passing the business to the next generation of family members or the owner identifies the firm as a family business (Astrachan & Kolenko, 1994).

However, the sample on basis of these criteria will still be too large for this study. To be able to find answers for our research question, we needed family firms that are having family meetings. This means that the respondents needed to meet an additional criteria: they must be able to give relevant information about the research question. This is why family firms that did not hold family meetings were not included (e.g. if there was only one family member) due to their irrelevance to the research.

Table 1: Characteristics of the interviewees

Firm	Since	Sector	Gender	Function in the company	Revenues*	Balance sheet total*	FTEE[4]
A	1993	Technology	M	Managing director	1.990.895	3.488.641	20
B	1925	Construction	M	Managing director	1.440.728	225.450.943	-[5]
C	1974	Catering	F	Managing director	-4.223	60.856	4
D	1984	Technology	M	Managing director	3.503.526	10.250.637	18,1
E	1997	Steel	M	Managing director	379.565	2.376.908	9,2
F	1989	Steel	M	Managing director	526.704	2.978.404	6,2
G	1975	Retail	M	Branch manager	1.619.258	6.636.860	18,6
H	1998	Infrastructure	M	Branch manager	598.954	23.401.641	250

Moreover, the interviewees themselves needed to be one of the family members who are working in the company with a managerial position and who participate in the family meetings. Our preference went out the "pater familias" if available or one of the business leaders and/or business owners from the family. When it was not possible to interview these individuals, other family managers were interviewed. Lastly, our primary focus was placed on Flemish companies, regardless of the sector in which they operate.

3.1.4. Conducting interviews

The interviews were taken with Flemish companies and were taken in Dutch for convenience. Before starting the interview, permission was asked first

[4] Key figures of the companies relate to the financial year 2018, FTEE = Full Time Equivalent Employee
[5] No data available

from the respondents to record the interview (Reulink & Lindeman, 2005). It was also made clear that the sound recordings are kept strictly confidential and that these could be destroyed after the end of the empirical study if they wish (Maso & Smaling, 1998). The respondent was briefly introduced about the research itself at the beginning of the interview, so he or she could get a picture of what awaited him (Mortelmans, 2013). Additionally, information was given about the duration and purpose of the study. The interview was also preferably held with the respondent alone, because the presence of a third party could disrupt the study (Reulink & Lindeman, 2005). It was crucial in this study that the interviewee could talk with the interviewer undisturbed.

3.1.5. Structure of the interview

To allow some structure in the interview, an interview guide was used in this research (Lucassen & Hartman, 2007). In this interview guide the order of the questions can be found, which is based on the research question. First some background questions about the respondent and about the company itself are included in the interview guide. The guide also included the different types of family governance methods to be explained to the respondent. By explaining these FGM it is possible to ask questions about the various FGM that are present in the company.

After knowledge has been acquired of the various FGM in the company, there were questions included in the interview guide about the family meetings, which is the central topic of this thesis. A distinction was made between organizational reasons or antecedents for implementing family meetings and family reasons. The organizational antecedents were related to business performance, succession and dividend policy. The family reasons on the other hand were related to participation, transparency, trust, emotional cohesion, family unity, conflict, complexity, values and social interaction.

The questions included in the interview guide are the main questions that should be asked during every interview (Lucassen & Hartman, 2007). After asking the main questions, some side questions were also asked, depending on the course of the interview.

3.2. Quality criteria

To guarantee the credibility of a study, Silverman's (2001) research indicates that a scientific study must comply with the requirements of reliability and validity. Reliability becomes described as "the absence of accidental distortions "(Van Zwieten & Willems, 2004). Validity, on the other hand, is described as "the absence of systematic distortions of the subject of research" (Lucassen & Hartman, 2007). In other words, reliability says something about the execution of the study, while the validity says something about the design of the study (Plochg & van Zwieten, 2007).

3.2.1. Internal and external reliability

Both reliability and validity can be further split up into internal and external. Internal reliability is defined as "a possible bias of the research results due to the influence of an individual researcher" (Van Zwieten & Willems, 2004). For increasing the internal reliability of this study, a software program called Nvivo was used to systematically organize, analyze and find insights in the qualitative data, such as the semi-structured interviews (Boeije, 2014). How that happened exactly is further explained under the section "data analysis".

The external reliability refers to the repeatability of the empirical research (Maso & Smaling, 1998). Hereby the researcher questions whether he would obtain the same results if he would conduct the study again (Van Zwieten & Willems, 2004). We can assume that the interviews had a well-built structure considering the fact that that these were taken semi-structured. This causes the increase of the external reliability (Mortelmans, 2013). The main questions are also included in the interview guide (see appendix 8.1), so the interviewer did not deviate too much of the subject (Lucassen & Hartman, 2007). Dependent on the interview, side questions were asked afterwards to know more about a specific topic.

3.2.2. Internal and external validity

In addition to reliability, validity is also of crucial importance for the credibility of the study (Mortelmans, 2013). As already indicated above, validity can also be divided into internal validity and external validity. Internal validity is defined as "the extent to which the methods and techniques of the study ensure that the results and research conclusions actually concern the intended phenomenon" (Lucassen & Hartman, 2007). Here it is asked whether the person actually researched what he originally planned to research (Plochg & van Zwieten, 2007).

Member check was used in this study to ensure that the research results contained no bias (Bygstad & Munkvold, 2007). In this case, the interviewer checks whether he has understood the respondent correctly (Lewis-Beck, Bryman, & Liao, 2004). The interviewer has done this by constantly summarizing and recapping the findings in his own words. This way the respondent was always given the opportunity to intervene if there were any ambiguities or when certain findings were understood incorrectly by the interviewer. The external validity on the other hand, takes into account "the degree of movability or generalizability of the research conclusions to other situations, persons, times and phenomena other than those of the research" (Van Zwieten & Willems, 2004). However, generalizability is typically not the major purpose of qualitative research because the respondents are rarely randomly selected and qualitative researchers are more interested in documenting particularistic findings than universalistic findings (Johnson, 1997). This is why external validity is not taken into account in this research.

3.3. Data analysis

After the interview, the sound recordings were listened to again and transcribed verbatim. Afterwards, the obtained qualitative data were coded and analyzed through the Nvivo program. Using this program allowed to carry out a thematic analysis. This analysis technique made it possible to discover themes, connections and patterns from the qualitative data (Boeije, 2014), which allowed us to do pattern matching. The information obtained was later analyzed and interpreted.

To carry out a thematic analysis, some steps were undertaken in this study. First, the transcribed interviews were reread intensively. Subsequently, the qualitative data was structured. Next, all themes that emerged during the interview were given their own code. Ultimately, these themes were divided further into labels (Braun & Clarke, 2006). This distribution can also be found under "Code tree" in appendix 8.2

4. ANALYSIS OF THE RESULTS

4.1. Family-related determinants

The top five family-related determinants that have been revealed from the interviews are: (1) lack of transparency, (2) lack of participation, (3) lack of emotional cohesion, (4) family conflict and (5) misalignment of values. All these determinants were also cited in the literature review. This top five was determined based on the number of firms making statements about a particular determinant during the interviews.

Transparency was the determinant that was mentioned the most during the interviews and was given as a reason by all firms. This is the first and most important reason, as the family directors believe that this is the first step towards avoiding and preventing most of the family issues, such as family conflict and a lack of trust. The aim is to familiarize the children with the firm, reduce the information asymmetry between them by explaining to inactive members what is going on in the firm and keep them all on the same level. Another reason was to prepare them for the future by involving and motivating them.

Additionally, in some cases when the family members are older, the propensity to show transparent behavior was to inform what was happening in the firm to preserve trust, keep everyone on the same track and making clear the roles and tasks of each family member. In the words of the managing director of firm B: "It is important that the family knows what is happening. This way, they get more information and trust is stimulated by interacting with each other."

Another important determinant mentioned in the interviews was the *lack of participation*, being mentioned by 75% of the firms. As mentioned in the previous paragraph, the transfer of information was one of the methods to try to increase the participation. The owner tries to accomplish this by gradually holding these gatherings in order to motivate family members to be an integral part of the family firm. This can be accomplished by being transparent about the situation of the company and the decisions to be taken, which can give a sense of belonging. In this way, it is hoped that their enthusiasm or interest to participate on their own is increased. "He would have liked all his children to join the company and from childhood he has also guided us in that direction by gradually talking more about the company in certain meetings.", thus the Managing director of firm F.

It is interesting that it is the women who usually do not want to participate in the company and this may be a reason for a certain governance. This can indicate that that there is a gap between the male and female descendants, which may result in the female family members being more indifferent about the condition of the company and can even lead to the decision to leave the firm. Hence, family meetings can be a last resort to try and involve them in the hope they feel as an important part of the family firm and would want to stay. It is our recommendation for future research to investigate this possible relationship.

The determinant *lack of emotional cohesion* can be linked to *family conflict*, which will be discussed later. Gaining emotional cohesion is important because there were cases where the family members wanted to leave the company or were indifferent about the continuity of the family firm, because they did not feel emotionally connected to the company and as such did not really want to be a part of it. It was mostly due to the fact that the owner could not align the emotions of the family members to ensure psychological ownership. The most cases stated that family meetings were an important factor to help overcome this challenge. As mentioned by the Managing director of firm F: "When they no longer wanted to have ownership and sell their shares, that was also the moment where we started with family meetings**.** Family members wanting to leave the company, that is mainly a lack of long-term vision and therefore that emotional cohesion. We have tried to get this through those meetings." This lack resulted in the owner having a focused approach to ensure that the emotions of each family member are aligned. This way, everyone understands each other well and can cooperate inside the business as well as within the family with the pursuit of a long-term goal, which results in tightened ties with the company and increased loyalty.

Family conflict is also an important determinant and is linked with *emotional cohesion*, as mentioned earlier. These conflicts are a trigger for family meetings where family firms try to solve these through communicating about the problem and to prevent these conflicts in the future, as stated by the Managing director of firm F: "A big conflict has been the trigger for us to have those meetings regularly. Because we realized that if we had held these meetings at the time and everyone could have expressed their opinion, it would not have come this far because there would be no accumulated frustration. So we have realized that we need to meet, and to avoid such conflicts, keep doing it." These conflicts may not always be preventable and when they deem unsolvable, parting may be an option they choose for, according to the Managing director of firm B: "Disagreements are simply part of it. Transparency, meetings and communication, it does not rule out that you will have conflicts. But it does promote that you can prevent them and make it negotiable. You cannot always avoid conflicts, you have to try to fix them. If it's not solvable, then divorce is better than staying with the conflict."

Misalignment of values is a determinant that can also be linked to *emotional cohesion* and *family conflict*, and is the fifth most mentioned reason during the interviews. When the company values differ from the family values or when the values within the family differ, this also has an effect on the *emotional cohesion* and thus may result in *family conflict.* The family director does not only want to transfer the company to the next generation, but also his ideals and vision for the future, where he tries to achieve this alignment of values through family meetings. However, it is also noted that the values may change from one generation to the other, which may result in adapting the company values to the family. "Through these meetings, we have made some adjustments so that we had everyone on the same line in terms of family values, but it also resulted in very big decisions.", as admitted by the Managing director of firm D.

Additionally, the following determinants were addressed during the interviews and during the literature review (in descending order): (6) lack of family unity, (7) lack of trust, (8) lack of social interaction and (9) family complexity.

Family unity is fostered by the family members bonding with each other, resulting in the family ties becoming stronger and the mutual support between family members higher. Most family directors see the company and the family meetings as a medium for this unity. As stated by the Managing director of firm E: "For me personally it was absolutely one of the biggest reasons to meet frequently, because my intention was also to keep the children together. That they would keep a bond with each other through the companies and that they would even have necessary and compulsory meetings, and that they would interact with each other. And would also tackle each other's problems together as a company and hold consultations. As far as the relationship in the family and among the children is concerned, the companies are a backbone for me to link children to each other and to keep them in contact and to force them to go through one door together." A lack of family unity is also linked with family conflict, which is discussed earlier.

Lack of trust and *social interaction* are again two determinants that are linked with each other. Family directors try to increase this trust by increasing the participation of the children in the company. According to the Managing director of firm B, trust is not only stimulated by interacting with each other and involving the family in social activities, but also by being transparent about company and family matters, as discussed earlier. "The family meets regularly, everything gets discussed within the family. Then they get more information, while this is happening trust is stimulated because everyone is in dialogue with each other at that moment." Additionally, family events, such as Christmas dinners, yearly barbecues, birthday parties, etc., team-building activities and holidays are organized to assemble the family and to foster the relationship. Family meetings maintain the family ties and ensure that the family members remain in consultation as well. A lack of trust increases the chance for family conflicts, which is discussed earlier.

Family complexity is the last family-related determinant which was also brought up during the interviews. They were only given as a reason by two family firms during the interviews. The more diverse the family becomes, the more complex the relationships among the family memberships are, which in turn makes it more difficult to manage these relationships. For example, the Managing director of Firm B, which is the husband of a family member from the third generation, mentions that the family councils are a blessing and a solution for managing this complexity. It should also be noted that larger family businesses are more inclined to involve external family consultancy firms to be guided in their complexity, such as firm D: "The complexity is already starting now. The three children do not have the same vision at the moment towards the third generation. Because there are two, they are around 50 years old, and they probably will not have children anymore. They look very differently at the future, that is a new problem that is now occurring. Everything is structured, an external family firm consultancy firm guides that whole thing."

Managing and reducing family complexity is done by implementing a formal consultation structure, such as the family council. One of the means for reducing this complexity, often proposed by the consultancy firms, is called "pruning the tree" to ensure that only family members committed to the longevity of the business remain within the ownership structure. This is often seen as a last resort, as it is a brake on the growth of the firm. "Pruning is a great impoverishment. Buying out someone who has 20 percent of the shares, it means he has to be paid. That is to say, those resources are no longer in the company and cannot therefore be used to invest. As a result, the company has been inhibited from growth for 4-5 years.", thus Managing director of firm B.

The determinant that was not cited during the literature review, but was discussed during the interviews was (10) *the next generation working in the company*. Many of the companies stated that family meetings are implemented after participation of the next generation, from the moment one or more children started working in the company.

After attendance, the meetings were held for information conveyance. This is a logical consequence, as the need for information and discussion increases when the next generation is actively participating in the firm as opposed to when they are inactive. Another quoted reason is different locations and family members coming together to discuss course of events, such as firm F: "We started the weekly meetings when my younger brother also joined the company. We then had two locations where we did not see each other on a daily basis and we met weekly to discuss the course of events. Now we are both in one location, but those meetings are still held."

Lastly we can conclude that some firms have family meetings not because there was a lack of e.g. trust or unity, but to prevent this lack or to improve this matter. For example, Managing director firm E: "They have a good relationship with each other and they see each other regularly. It was my intention to rather keep it that way. To prevent that they would become divided and would not know enough about each other's lives and that each would then go their own way."

Table 2 provides an overview of the family-related determinants that are disclosed from the interviews, illustrated with some quotes.

Table 2: Family-related determinants identified from the interviews

Family-related determinants	Quotes from the interview
Lack of transparency	Managing director firm A: "We would consciously give information in an informal way at the kitchen table so that the children had an idea how the firm works and how we view it from management perspective." Managing director firm B: "Occasionally, there are family councils with his children, on an owner level, to inform them once a year. This was done informally. So they would already have been informed, not only because it is officially prescribed by law, but also because it is important that the family knows what is happening. This way, they get more information and trust is stimulated by interacting with each other." Managing director firm C: "We wanted to inform them so that they could learn from our mistakes. Of course they will make their own mistakes, but why should they make our same mistakes again." Managing director firm D: "We implemented these meeting to bring structure to the business. The son, who is active in the firm, knows what was going on in the firm but the others didn't. So without those meetings you would have two camps and the others who are not involved in the firm know nothing about it. That's the reason for these meetings, so we can keep them all on the same level." Managing director firm E: "Because we have three entities, the children involved in each company did not always know what was going on in the other companies. That's how we started those meetings, to inform them but also throw my ideas on the table. We would discuss the current situation, RFQ's we received and

	ongoing projects. Such meetings were necessary, on the on hand to inform everyone with the same proportionality, on the other hand to motivate everyone.” Managing director firm F: “In terms of meetings, we hold a weekly meeting with my brother, but that is usually purely about business. Every month we have an extra meeting on Saturday, where my father and other brother are also present. This is where the financial and operational figures of last month are summarized to inform then, certain strategic decisions are taken, but family matters are also discussed” Branch manager firm G: “They mostly were very informal, during breakfast usually on the weekend. He did that so we had an idea about the firm and wanted to prepare us for the future when we would work in the company and already knew what he was doing.” Branch manager firm H: “Half a year ago, a little more, he was diagnosed with cancer. Then he started to think more about succession. The shares are already divided among the children now. Of course we had those consultation moments, but not always structured. But especially the moments when we got those shares, there were mainly info moments for my sisters, because they are teachers. They actually have no knowledge of a share, its consequences. So that was the goal. I can also imagine that next year, the general meeting is already over this year, but next year at that general meeting, my sisters will also be there. Then there will have to be information moments where explanation will take place.”
Lack of participation	Managing director firm A: “I wanted to prepare my sons to come into the company later, so I informed them what I was doing.”

Managing director firm B:

"Some are slightly interested and say if everything goes well, I don't care what or where, because they actually have no connection with it. They have become heirs from generation to generation, but they have their own job and family. In this way I wanted to involve them more so that they could maybe get more enthusiasm."

Managing director firm C:

"Because we felt we should educate the children. Not only to cooperate operationally, but also to contribute structurally to the management of the company. This eventually manifested itself in a clearer division of tasks."

Managing director firm D:

"We have a secret formula, we work with a Coca-Cola story. So the company cannot operate without the concentrate. I have 40 people at work here, if we don't deliver tomorrow the whole company will be shut down. I never wanted to pass that formula on to strangers, so I did it myself until five years ago and waited a long time to give it to my son, but now for the last five years he usually makes the concentrate."

Managing director firm E:

"That one child, son or daughter, was more interested than another, another was somewhat distanced. Such meetings were also necessary to motivate everyone so they could then easily make the decision: either get more involved with the company or make a concrete decision to what extent they would identify with it. Because not every child shows so much interest or not every child wants to give up so much of his or her private life in favor of the companies. To be able to define this and make it transparent you have to hold meetings."

	Managing director firm F: "He would have liked all his children to join the company and from childhood he has also guided us in that direction by gradually talking more about the company in certain meetings. As I said, my sister and the youngest did not want this at all and wanted to leave the company. These meetings actually started to convince them to stay and possibly even participate more actively through meetings. This is true for my oldest brother, he is now more active than before thanks to these meetings."
Lack of emotional cohesion	Managing director firm B: "And in between there is also a lot of informal contact with the family, not only about the company but for good cohesion. That is essential, hence the family forum. Someone who says I don't feel happy in the company can always clear his shares from the company. But if that happens often, then there is a sign that there is no cohesion. Then there are some who still want to go their own way. But if that is well organized, people like to remain part of the family business." Managing director firm D: "I had a world product and I believed in it, but that belief was not there with two of the three children. The business was the stepchild of the family, they weren't concerned with it. It wanted it to go further and everyone to have the same vision. Without a family the company cannot flourish, or we have to release our secret formula which we will not, because the next day it will be around the world anyway. Those meetings helped with these issues." Managing director firm F: "When they no longer wanted to have ownership and sell their shares, het was not satisfied and there were some heated discussions. He felt that they stole from the company because they were taking capital out of the firm. That was also the moment where we started these meetings, and my two other brothers and I tried to approach both sides to be on the same page and respect each other's vision and decisions. Family members wanting to leave the company, that is mainly a lack

	of long-term vision and therefore that emotional cohesion. The coherence of thoughts and emotions what you say was not there. We have tried to get this through those meetings." Branch manager firm G: "It was important that he got everyone on the same page by putting the company first. The emotions aligned with each other over time. Care was taken for the company by taking care of each other. You could say a knife with two sides. Suppose someone falls away due to an illness, the other gladly take responsibility because the company has everyone on the same line, or vice versa when it is quiet, my father or uncle say that we can leave earlier to spend more time with our family."
Family conflict	Managing director firm B: "Disagreements are simply part of it. Transparency, meetings and communication, it does not rule out that you will have conflicts. But it does promote that you can prevent them and make it negotiable. You cannot always avoid conflicts, you have to try to fix them. If it's not solvable, then divorce is better than staying with the conflict." Managing director firm E: "Other children were able to study longer, they joined the company later and the companies were already bigger. But afterwards it turned out to be an obstacle that my first son had been in the company for some time and started working right away, while the others could study, he felt a bit discriminated against. That created conflict and then you try to create homogeneity through these meetings." Managing director firm F: "As I just said, a big conflict has been the trigger for us to have those meetings regularly. Because we realized that if we had held these meetings at the time and everyone could have expressed

	their opinion, it would not have come this far because there would be no accumulated frustration. So we have realized that we need to meet, and to avoid such conflicts, keep doing it." Branch manager firm G: "Before that he had the impression that it would eventually work out on its own, but after our conversation that it is necessary because of the ongoing conflicts and that there are emotions that are not brought to the table, he took the responsibility to set up these meetings."
Misalignment of values	Managing director firm D: "Through these meetings, we have made some adjustments so that we had everyone on the same line in terms of family values, but it also resulted in very big decisions." Managing director firm E: "At one point I wanted to transfer not only the company, but also my objective, for what purpose were the companies founded, what do we strive for and how we want to achieve that, and also our corporate culture. That is why you have to discuss the goals and ideals, so the meetings served for that. So discussing and sharing that relationship, attitudes and ideals together, the meeting was a medium for that." Managing director firm F: "Although it may seem useless at times, it is very important that the goals and vision of the company are repeated over and over. The values were very different within the family and the firm, so this was certainly a problem and one of the reasons for starting these meetings." Branch manager firm G: "During these formal meetings, we were often told how important family values are. Suppose someone from the family board has an idea, he can check it out with the rest of the family at the

	meetings and get constructive feedback on whether what that person says is in line with the company or family values.”
Lack of family unity	Managing director firm E: “For me personally it was absolutely one of the biggest reasons to meet frequently, because my intention was also to keep the children together. That they would keep a bond with each other through the companies and that they would even have necessary and compulsory meetings, and that they would interact with each other. And would also tackle each other's problems together as a company and hold consultations. As far as the relationship in the family and among the children is concerned, the companies are a backbone for me to link children to each other and to keep them in contact and to force them to go through one door together.” Managing director firm F: “He felt the company would be the thread that would keep us together as a family. The spiritual or emotional division also created a physical division between my father and my sister and brother. There was no family unity anymore and we tried to employ it through family meetings.” Branch manager firm G: “The family meeting ensured that everyone bonded with each other. Very importantly, the conversation was led by one person who everyone respected, my grandfather. This created some necessary conversation that we had missed for a while. Sometimes we would plan a day for a picnic or a weekend to the Ardennes.”
Lack of trust	Managing director firm B: “Then they get more information, trust is stimulated by interacting with each other. Sometimes bad news is believed more quickly than good news, because it also depends on people's perceptions. Trust grows by involving them.”

	Managing director firm F: "In itself, this was one of the reasons they wanted to leave the company. They didn't trust it any more. Mainly because of my father, who at the time entered into very high debts in order to be able to make the investments he considered necessary. We did not always agree and were more in favor of the more "patient" approach. My father tried to gain our trust by having meetings and explaining his reasons." Branch manager firm G: "The communication on issues outside the company to increase unity has also led to mutual feelings to care for each other and help restore the trust that had disappeared as everyone tried to control each other."
Lack of social interaction	Managing director firm B: "The family meets regularly, everything be discussed within the family. Then they get more information, while this is happening trust is stimulated because everyone is in dialogue with each other at that moment." Managing director firm E: "We started specifically with family meetings so that we come together and that the children could remain in consultation. In this way they can support each other in good and bad or difficult times and exchange thoughts. They have a good relationship with each other and they see each other regularly. It was my intention to rather keep it that way. To prevent that they would become divided and would not know enough about each other's lives and that each would then go their own way." Branch manager firm G: "After a heavy fallout between the family members, it was decided to implement two types of meetings. One of which is informal, the coffee on Sunday. There, small matters about the company

	are discussed, but it is more to maintain the family relationship. In this way we can get to know each other better and try to fill the gap of our youth.”
Family complexity	Managing director firm B: “The more complex, the more diverse, of course, then those formal organs (family councils) are a blessing. That's a handhold then. That is a solution for that complexity.” Managing director firm D: “The complexity is already starting now. The three children do not have the same vision at the moment towards the third generation. Because there are two, they are around 50 years old, and they probably will not have children anymore. They look very differently at the future, that is a new problem that is now occurring. Everything is structured, an external family firm consultancy firm guides that whole thing.”
Next generation working in company	Managing director firm A: “We started these meetings the moment the children joined, from the first day.” Managing director firm C: “Since the children are actually involved in the business. I must say that it is only something of the last ten years. Because we had to do very serious interventions ten years ago. So we had to make decisions ten years ago that mattered to everyone. Then we started involving the children. Before that they worked in the company but were not involved in management.” Managing director firm F: “We started the weekly meetings when my younger brother also joined the company. We then had two locations where we did not see each other on a daily basis and we met weekly to discuss the course of events. Now we are both in one location, but those meetings are still held.”

4.2. Business-related determinants

The top determinant mentioned by 75% of the firm is (1) succession policy, followed by (2) decreased performance and (3) dividend policy (37%).

Succession policy was the business-related determinant that was mentioned the most during the interviews, which is an important aspect for the future of the company. Many business directors have taken formal steps to ensure the succession of their business. If no successors are available or prepared to take over the company, selling the business is usually the only option, although this is never the preference of the founder. Health problems or anility makes the director think about the future of his company and the takeover, which was the case at firm H: "Half a year ago, a little more, he was diagnosed with cancer. Then he started to think more about succession. The shares are already divided among the children now."

It can occur that children with the most contribution receive the most shares instead of others with less or no participation. This was the case in firm C: "One daughter joined the business in 2005. She has consciously chosen this and has stopped her studies to do this. She has therefore received ten percent shares in the company. The rest of the shares are split between me and my husband. The second daughter only got into the firm in 2015. She has no shares yet. But also because the first daughter worked without shares for the first ten years with a low wage, we also want to make sure that she has shares in the majority. Because she has contributed more to the success of the business. That is also communicated that way, the second daughter knows that too."

Family members are not always an adequate candidate or capable to lead the firm. An external CEO with better competences can be more appropriate to lead the firm. This matter is one of the topics to be discussed and decided during family meetings, which was the case at firm D: "We have now decided that none of the three children can perform at top level, on a global level, but that we still want to continue with someone from outside who does have those skills. This Friday we have another meeting with the guidance of people from Van Havermaet, who help us take all the steps, including the transfer of the company, so they guide the succession." As seen above, family consultancy firms are sometimes contacted to guide the transfer the company at an optimal manner. In some cases, a succession scenario was planned beforehand by the business leader to prevent uncertainties about succession.

The following business-related determinant is *decrease in performance*. Some family firms do not deem it necessary or are not that successful in bringing the family together with the means of a family meeting. It is when the family firm experiences a decrease in business performance that everyone has a strong incentive to attend family meetings, which was the case for firm E: "Calling everyone together and holding a general meeting, that usually does not work. We only do this under special circumstances when it turns out that there are problems or certain things start to get out of hand in order to consult and make decisions." Family meetings are an important medium for solving the problems and taking precautions to hopefully avoid repetition in the future.

Additionally, the recent and still ongoing corona crisis has certainly been a strong incentive to come together and have a meeting to discuss the impact of the pandemic and decide which actions should be taken, as mentioned by the Managing director of firm C: "We decided together during the corona pandemic to hold a family meeting and answer the question of what we are going to do in this coming period." The cases which shared these experiences all testified in better decision making quality in crisis-periods and had a positive impact on the business performance as we know from Mustakallio et al. (2002).

Regarding *dividend policy,* there are two main causes of conflict which require family meetings to solve. The first one is when there is a multi-generational family firm where there isn't decided on the payment of dividends. This may cause a tension between owner family members which expect their share of capital as it was the case with firm D, which the owner solved by organizing a meeting and openly communicating about it: "I cannot keep saying that the company is doing well, the company is worth so many millions and in the end nothing in term of dividends ever comes to the table. I noticed there was some pressure coming up which was dealt with by newly deciding this year, invest a bit back, pay a bit of dividend and put a bit aside for difficult times."

The second reason that the lack of a *dividend policy* may require a family meeting is when there are family members who are inactive and want to leave the company, which was the case at firm F: "To convince my sister and the youngest brother to stay in the firm, it was one of the items on our agenda. But there was a big disagreement about that. My father was absolutely against paying dividends and felt that everything had to be invested back in the company in order to be able to grow further, while my sister and brother actually agreed to remain owners in exchange for an annual dividend." Although eventually the decision has been made to buy them out and not to pay dividends, it would have been a means of keeping them as owners.

In addition to the business-related determinants which were derived from the literature, there are two more possible determinants which came to light during the interviews, (4) decision making and (5) exit policy in particular. *Decision-making* can be one-sided, taken jointly, or the case where the business leader consults with the family but decides alone, as for example at firm F: "My brother and I tried to convince or stop my father when we thought it was not a good decision, but if he really wanted something you couldn't stop him, that's just the way it was." There were two cases which pointed out that when there was a decision which impacted everyone in the family firm, it increased the propensity to hold a meeting. It was in this family meeting where other members of the family had a voice how to react as a family during this special occasion. "Ten years ago we had to make very serious interventions. So we had to make decisions ten years ago that mattered to everyone. Then we started involving the children.", as stated by the managing director of firm C.

The second and last determinant which was newly derived from the case studies is *exit policy*. Most owners expect their children to be part of the family business and try to accomplish this by strengthening the emotional cohesion between the children. However, it is possible that family members may have a divergence of career interest in the long run or decide to leave the company in favour for cash for various other personal reasons, such as having no children, which was the case at firm D. An exit policy makes clear under which circumstances and how an exit is possible, which removes ambiguity for family members considering this option. This policy can also include precautions for the firm itself and its liquidity.

For most firms, this is a last resort when everything else fails, as mentioned by the managing director of firm B: "I think it's a good point as a last resort. Otherwise, keep them together and put everyone in the same cart, and let everyone help stimulate developments. Our exit arrangement also ensures that it will never slow down the liquidity of our company and will never get the company into trouble. That is well arranged to properly let the business interests take precedence." Paying dividends can also be a means of persuading family members to stay in the company, which was the case at firm F, as discussed earlier.

Table 3 provides an overview of the family-related determinants that are disclosed from the interviews, illustrated with some quotes.

Table 3: Business-related determinants identified from the interviews

Business-related determinants	Quotes from the interview
Succession Policy	Managing director firm C: "The main reason is to actually divide the roles to the next generation in function of the takeover. One daughter joined the business in 2005. She has consciously chosen this and has stopped her studies to do this. She has therefore received ten percent shares in the company. The rest of the shares are split between me and my husband. The second daughter only got into the firm in 2015. She has no shares yet. But also because the first daughter worked without shares for the first ten years with a low wage, we also want to make sure that she has shares in the majority. Because she has contributed more to the success of the business. That is also communicated that way, the second daughter knows that too." Managing director firm D: "I'm not that young anymore. Either you sell your company to someone else. Either the family says we want to bring in the fruit of the tree that has been planted for another 10-20 years and later on to the grandchildren, the third generation, maybe someone can be a potential candidate again who has the capabilities to do that themselves. We have now decided that none of the three children can perform at top level, on a global level, but that we still want to continue with someone from outside who does have those skills. This Friday we have another meeting with the guidance of people from Van Havermaet, who help us take all the steps, including the transfer of the company, so they guide the succession." Managing director firm E: "From the moment they graduated, my intention was always to ask them to join our own company and then hand the business over to them step by step. This was the main reason why I wanted my children to gradually become more involved in the business and had started small meetings to pass on certain information or discuss decisions to be made. To talk about their vision of the future and their interests. It was a bit preventative in that area, to be on time, to take certain measures and

	to make agreements between the children and I and the children among themselves. That we could then plan a bit of custom succession, that some children might want to leave the business later and take a different path. Or perhaps wanting to delve further into the matter, that we could structure and discuss it better and make it negotiable and keep it that way.” Managing director firm F: “Later this was of course discussed during these meetings and it was also settled how the succession would take place.” Branch manager firm G: “The formal family council has been started for the sake of succession planning. So there was already a foundation that has been expanded over time with a broader scope of conversation material. We often heard that companies go wrong because of uncertainties about succession. That's why my grandfather wanted to act proactively. Nothing was personal, there was a formal process in place and everyone respected it. So there is already a succession scenario where we know which steps must be followed.” Branch manager firm H: “Half a year ago, a little more, he was diagnosed with cancer. Then he started to think more about succession. The shares are already divided among the children now. Of course we had those consultation moments, but not always structured. But especially the moments when we got those shares, there were mainly info moments for my sisters, because they are teachers. They actually have no knowledge of a share, its consequences. So that was the goal.”
Decreased performance	Managing director firm C: “We decided together during the corona pandemic to hold a family meeting and answer the question of what we are going to do in this coming period.”

	Managing director firm E: "Calling everyone together and holding a general meeting, that usually does not work. We only do this under special circumstances when it turns out that there are problems or certain things start to get out of hand in order to consult and make decisions. For example, there have been periods when we had a bit of bad luck with certain customers or with available orders, so that was one of the reasons, so that we could better structure the financial situation, and better link companies in terms of financial cohesion and to better align the capabilities and needs of certain companies." Branch manager firm G: "When we had dinner with my grandfather, he always brought up certain business matters. Usually it was because something was going badly or there was a problem, but that was almost always the case. Now we try to get into the habit of exploiting such mechanisms. For family matters we have the coffee on Sunday, but for company-specific large matters we try to organize meetings in advance in order to make decisions together."
Dividend policy	Managing director firm D: "I cannot keep saying that the company is doing well, the company is worth so many millions and in the end nothing in term of dividends ever comes to the table. I noticed there was some pressure coming up which was dealt with by newly deciding this year, invest a bit back, pay a bit of dividend and put a bit aside for difficult times." Managing director firm F: "To convince my sister and the youngest brother to stay in the firm, it was one of the items on our agenda. But there was a big disagreement about that. My father was absolutely against paying dividends and felt that everything had to be invested back in the company in order to be able to grow further, while my sister and brother actually agreed to remain owners in exchange for an annual dividend. It would have been better if we had decided to pay dividends back then, at least they would not have left and might have come to family meetings now and then, and there would

	have been less financial burden on the company right away. Of course we felt that then. It was, subsequently decided that no dividend will be distributed and this is still not happening. Everything is reinvested in the company. It will be on the agenda in the future.” Branch manager firm H: “He has talked about whether or not to pay dividends and we exchanged ideas, but as with the other topics, it is he who decides alone. It is not with real consultation.”
Decision making	Managing director firm C: “Ten years ago we had to make very serious interventions. So we had to make decisions ten years ago that mattered to everyone. Then we started involving the children.” Managing director firm F: "My brother and I tried to convince or stop my father when we thought it was not a good decision, but if he really wanted something you couldn't stop him, that's just the way it was." Branch manager firm H: "In the second generation, when the decisions are made by the children, those structural moments must be inserted to make decisions."
Exit policy	Managing director firm B: “I think it's a good point as a last resort. Otherwise, keep them together and put everyone in the same cart, and let everyone help stimulate developments. Our exit arrangement also ensures that it will never slow down the liquidity of our company and will never get the company into trouble. That is well arranged to properly let the business interests take precedence."

	Managing director firm F: "As I said, my sister wanted and the youngest leave the company therefore no longer participate at all. These meetings actually started to convince them to stay and possibly even participate more actively through meetings. In the end we decided to buy them out, which meant even less investment in the company itself. My father was furious and we would rather not have had this, but this way we got rid of it in one go."

5. DISCUSSION

In this chapter, we will discuss the connection of our findings with the existing literature. Additionally, we will look at the added value of this research by examining how it contributes to the existing literature.

As previously discussed, there has been close to no explicit research on the determinants of family meetings. With this study we hoped to provide an answer to this matter based on the proposal for further research by Suess (2014). This research contributes to the academic literature by providing new insights.

The results of this research showed that all determinants that were proposed from the literature study were confirmed and a few others have been deduced from the interviews themselves, which is our contribution to the literature. Although is not always possible to link these results to the existing literature and discuss if these are confirmed or contradicted, due to not being researched before, we will try to do this wherever we can. Additionally, there is abundant literature concerning the positive consequences of family governance, and family meetings in particular, which we have seen in our research and will try link to the literature as well.

Chua et al. (2003) suggested that one of the ways of resolving conflict is considering compensation, which can also be seen as a determinant of family meetings. This statement has been confirmed by this research, as nearly half of the companies mentioned this as a reason to have family meetings, on the one hand to avoid conflict, on the other hand to resolve them. Additionally, Michiels et al. (2015) found that family governance had an important role in avoiding or resolving conflicts between family shareholders through the payment of dividends and an increased propensity to pay dividends, which is also confirmed in this research.

According to Gallon and Kenyon-Rouvinez (2005) one of the main purposes of family governance is to clearly communicate the goals and that transparency is one of the benefits of family governance. Similarly, Brenes et al. (2011) also conclude that family governance led to improvements in communication and a higher transparency. This purpose has been reiterated by all the family companies that were interviewed, and thus confirmed in this research as well.

In the literature, there are numerous sources stating that participation is also one of the fundamental objectives and consequences of family governance. While Gersick and Feliu (2014) express that the fundamental purpose of family governance is to foster a sense of belonging to the business among the extended family, Martin (2001) states the family governance allows everyone to participate in important family and business matters. Additionally, Lansberg (2007) and Poza (2009) set forth that one of the functions of family governance is to welcome and involve younger generations. This has been confirmed by almost all of the interviewees as a determinant for having family meetings.

Brenes, Madrigal, & Requena (2011) state that most family firms do not find it necessary to implement a certain formal governance structure where there is only one controlling family member. The decision usually takes places after the involvement of the second generation in order to deal with the growth and planning of a succession. We have seen this being confirmed as a lot of interviewees stated that they implemented family meetings after participation of the second generation. On the contrary, Fahed-Sreih & Djoundourian (2006) state that mature family firms which have already undergone a succession are more inclined in setting up a formal structure than young ones. It is our opinion that this statement might be outdated, as there is much more awareness of the positive consequences of these family governance structures such as family meetings. The majority of the firms in this study did not have undergone a succession, but all held family meetings.

Furthermore, according to Labaki (2011), emotional cohesion within the family decreases when the family members are not able to identify themselves with the company. Frequent meetings in a forum can strengthen the relationship between the family and the firm by enhancing this emotional cohesion. Likewise, Suess (2014) correlates the implementation of effective family governance with strengthened cohesion. These statements have also been verified in this research by the interviewed companies.

From the literature, conflict has been proposed as antecedent for family governance practices. "It is the need for conflict resolution that can be the precursor of such practices" (Martin, 2001; Brenes et al., 2011). Again, this is confirmed in this research, as family companies want to resolve and avoid conflicts as much as possible through family meetings.

The alignment of values is one of the elements that is also heavily discussed in the literature. Gallo and Kenyon-Rouvinez (2005) state that the main purpose of family governance in the first place is to clearly communicate the goals, mission and the values of the family firm. While Bubolz (2001) explain that in order to align values to work towards a common goal, the family needs to establish a platform and culture of open communication. Additionally, Gersick et al. (1997) voice that the main purpose of family governance is to establish a platform where every family member can voice their values. Lastly, Dooley & Fryxell (1999) explicitly mention that alignment of values is a possible indication of a determinant towards building a family governance structure. All these statements have been verified in this research, as this is one of the determinants that has been mentioned by the family companies.

The next determinant to be verified is family unity. According to Gallo and Kenyon-Rouvinez (2005) family governance facilitates unity among the family members. Furthermore, Poza, Hanlon & Kishida (2004) state that family unity can be a cause for the implementation of family governance practices. This cause or determinant has also been confirmed in this research.

According to Gersick and Feliu (2014), one of the fundamental purposes of family governance is to create trust. Additionally, there is a number of articles stating that one of the benefits of family governance is a higher level of trust (Gallo and Kenyon-Rouvinez 2005, Brenes et al., 2011, Blumentritt et al., 2007). Trust is also one of the determinants and consequences that has been iterated by the interviewed family firms. Therefore, these statements have also been confirmed by this research.

The academic literature states that good social relations are best fostered in family governance mechanisms such as a family meeting or a family council, where opportunities are created for family members to gather and discuss about company and/or family issues which leads to the desired increase in interaction (Mustakallio et al., 2002). A large number of articles have also mentioned a higher level of social interaction as a benefit of family governance mechanisms (Mustakallio et al., 2002; De Vries, 1993; Mustakallio, Autio, Zahra, 2002; Michiels et al., 2015; Brenes et al., 2011; Gersick et al., 1997; Habbershon & Astrachan, 1997; Poza, 2009; Brenes et al., 2011). Again, this is also one of the determinants that is confirmed in this research and adds to the existing literature.

Lastly, according to Gilding (2000) most owners applied the principle of equal distribution or equal inheritance in order to avoid conflict. However, we found a case where the first daughter already received ten percent of the shares while the other daughter had no shares yet. This is due to the fact that the first daughter stopped her studies to work in the firm with a low wage and contributed more to the success of the business. This is why the parents wanted to make sure that she has shares in the majority. The remaining shares will be divided equally between the daughters, which means that the first eventually have 55 percent of the shares. This is an exception to the statement in the literature.

5.1. Limitations of the study

In addition to the findings of this research, some limitations can be attributed to this master thesis. For example, the reach of the interviewed family businesses has been limited to Flanders, and Limburg in particular. It will be useful to expand this research and the sample size to increase the generalizability of the results across private family businesses. The sample of eight companies is also relatively small. With a longer time span, several family businesses from other regions or neighboring countries could also be included. A bigger sample may provide clearer answers to which determinants had the greatest influence on the decision to implement family meetings, which again can improve the representativeness of this study.

One of the reasons for the small sample is the fact that this master thesis was written during the COVID-19 crisis in 2020. This global health crisis had an impact on the research activities and complicated the data collection, as semi-structured interviews were taken at family firms. Due to the corona crisis, a lot of firms were closed which made it very difficult to contact them. Only 15% of the firms that were contacted did actually respond. Most of the firms that did respond after being closed due to COVID-19, claimed they were too busy because of work that has been piling up. Of those that responded, only 22% agreed to take the interview. This means that only 3% of the contacted companies were actually interviewed, which made it very difficult and time-consuming to collect the data and led to a smaller sample than anticipated.

Additionally, some of the interviews were taken with face masks, which also made the recordings more difficult to understand and transcribe the interview. A few were also taken digitally through the software programs Zoom or Teams, which sometimes caused additional problems such as sound not coming through for a few seconds and other general noise and interference that can occur through these digital meetings. This also made the recordings more difficult to transcribe and may have resulted in some mistakes while doing this due to being inaudible.

Within the conducted interviews, the focus was only on the determinants or reasons for having family meetings. A number of businesses have stated that they have also drawn up a family charter. A very important element, namely the relationship between having family meetings and having a family charter, is therefore excluded in this research. It can be interesting to investigate whether these two governance mechanisms influence each other and whether there is a cause-effect relationship. Such research could yield some additional findings if included in scientific research.

In addition, it has also become clear in the interviews that the motive behind the family meetings can differ from family business to family business. In some cases, this motive can be affected by family size, past experiences or events, which causes a bias in the raison d'être of some family businesses. This can lead to having either the family-related or business-related determinants to have a heavier weight in their case.

5.2. Suggestions for further research

To conclude this master thesis, we will look at some suggestions for further research. From the research, we concluded that there may be a link between several determinants, for example: the determinant of family conflict is heavily influenced by the absence of family unity and a lack of emotional cohesion, trust and transparency. This means that a lack of trust can result in family conflict and therefore family meetings are held, while a lack of trust on its own is also a reason to have family meetings. It may be useful to research why some companies only take action after there has been a conflict, instead of before the conflict when there were signs of possible problems.

Furthermore, the relationship between the family charter and family meetings can also be examined. Several family businesses indicated that these two family governance tools had a lot to do with each other. Often one flowed from the other and rules were written down in the family charter regarding the meetings.

It is also interesting to see that in most cases it is the women who usually did not want to participate in the business and this may be a reason for a certain governance. This can indicate that that there may be a gap between the male and female descendants. This gap may result in the female family members being more indifferent about the condition of the company and can even lead to the decision to leave the firm. It is one of our recommendations for future research to investigate this possible relationship.

Lastly, there may be a difference between the determinants for first and second generation firms, and for older family firms who are third generation or further. For first and second generation family companies, where the 'pater familias' is still active and the second generation is relatively young (20-40 years old), business-related determinants prevailed on family-related determinants due to the fact that the family is relatively small and there are fewer family issues. For older family firms, where the family is much larger, there are also much more possible family-related problems that can arise due to the complexity. This is why family-related determinants were mentioned more by these firms. It is our opinion that further research into this matter may deem useful and provide interesting insights.

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7. APPENDIX

7.1. Interview protocol

	Formulated question	Topic
	Request permission to record the interview, inform it could be deleted afterwards, guarantee anonymity **Introduction: introduce myself, inform about the duration and goal of the study.** **Ask if respondents has questions before starting**	
1.	Would you like to briefly introduce your company and yourself? (start date, sector, function, family ownership, generations)	/ (introductory questions)
2.	In our research we make a distinction between different types of family governance methods, such as family meetings & councils • Have you ever heard about these terms? • To what extent are these FGM present in your company? Can you give some examples of this?	Family governance methods Family meeting Family council
3.	General research question: why did you choose to implement family meetings? Side questions to obtain more information: - How did this process start? - What were the reasons, motives or goals? - What was the role of the 'pater familias'? - Which problems have been encountered? - How did they solve these problems? - What are the pitfalls in this process?	Family meeting Transparency Emotional cohesion Family unity Family conflict Participation
4.	In the literature, we found …. To be a contributing factor for implementing family meetings. Was this the case in your firm? - Lack of transparency / participation / emotional cohesion / family unity / trust / social interaction - Misalignment of values - Family conflict - Family complexity	Family reasons
5.	In the literature, we found …. To be a contributing factor for implementing family meetings. Was this the case in your firm? - Decreases business performance - Lack of effective succession planning - Lack of effective dividend policy	Organizational reasons
	Ask the respondent if there is anything he/she would like to add. Thank the respondent for participating in the survey and close the interview.	

7.2. Code tree

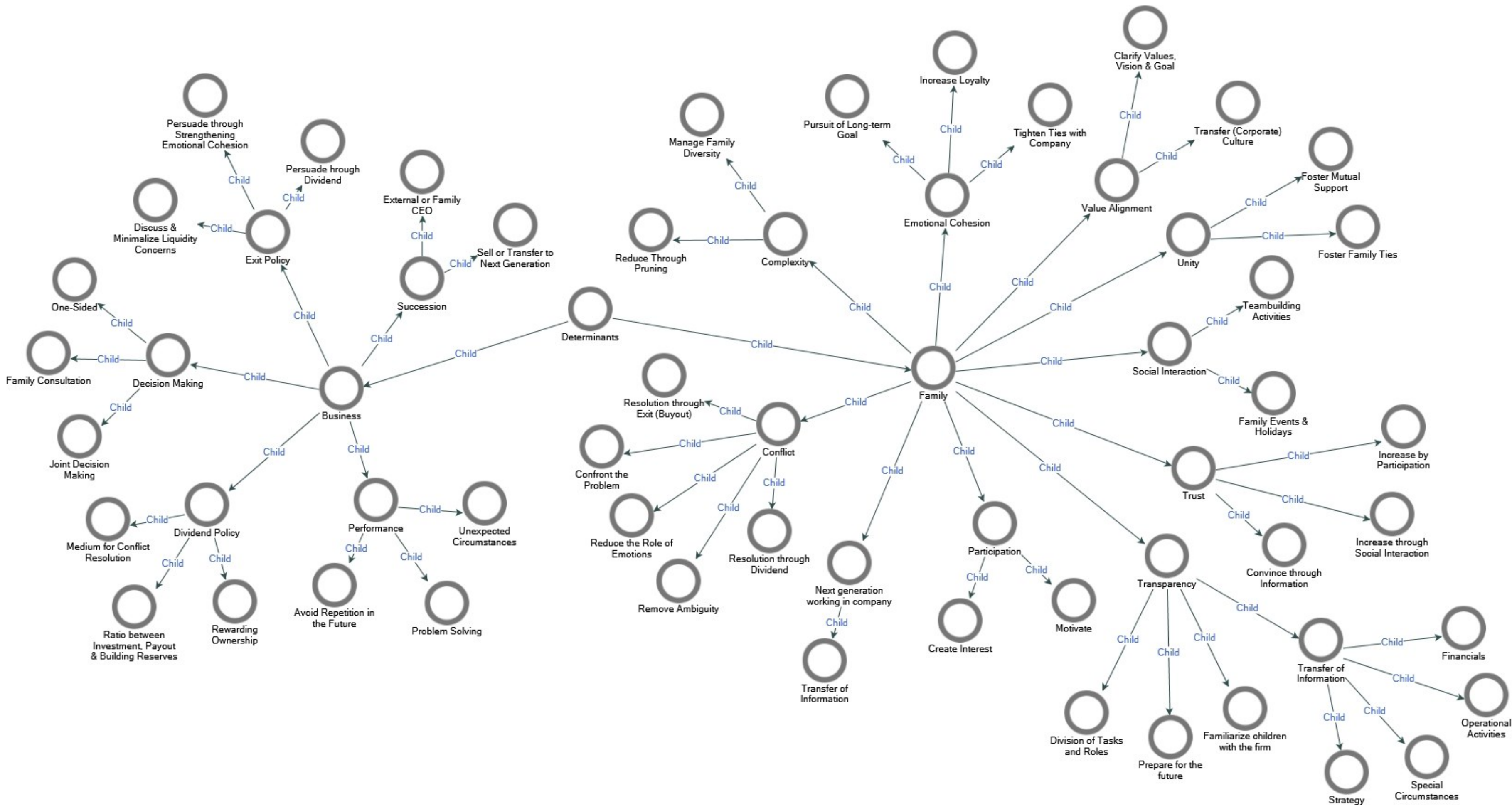

Figure 2: Code tree