GOVERNANCE SYSTEMS IN GHANAIAN FAMILY-OWNED BUSINESSES (FOBs):
EVIDENCE BASED ON BOURDIEU’S THEORY OF PRACTICE

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THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON, IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MPHIL
ACCOUNTING DEGREE

JUNE, 2018
DECLARATION

This is to certify that this submission is my own work towards the award of MPhil Accounting Degree from the University of Ghana, Legon. I hereby declare, that with the exception of references made to other people's works, which have been duly acknowledged to the best of my knowledge, this thesis is entirely my own work under the guidance of my supervisors and neither part nor whole of it has been presented for another degree anywhere.

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CERTIFICATION

We hereby certify that this thesis was supervised and coordinated in accordance with the guidelines of supervision of thesis laid down by the School of Graduate Studies, University of Ghana.

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DEDICATION

I dedicate this work to my parents; Mr. Iddrisu Mohammed and Mrs. Mariatu Asumanu, and Ms. Mavis Pobbi for their moral and financial supports during the course of the programme.
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>ii</td>
</tr>
<tr>
<td>CERTIFICATION</td>
<td>iii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iv</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>x</td>
</tr>
<tr>
<td>CHAPTER ONE: INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background to the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Research Objectives</td>
<td>8</td>
</tr>
<tr>
<td>1.4 Contribution of the Study</td>
<td>8</td>
</tr>
<tr>
<td>1.5 Summary of the Study Chapters</td>
<td>10</td>
</tr>
<tr>
<td>CHAPTER TWO: LITERATURE REVIEW</td>
<td>11</td>
</tr>
<tr>
<td>2.0 Introduction</td>
<td>11</td>
</tr>
<tr>
<td>2.1 Overview of the Field of Family-Owned Businesses in Ghana</td>
<td>11</td>
</tr>
<tr>
<td>2.2 The Various Concepts of Bourdieu (1972) Theory of Practice</td>
<td>13</td>
</tr>
<tr>
<td>2.2.1 The Concept of Field</td>
<td>13</td>
</tr>
<tr>
<td>2.2.2 The Concept of Capital</td>
<td>16</td>
</tr>
<tr>
<td>2.2.3 The Concept of Habitus</td>
<td>20</td>
</tr>
<tr>
<td>2.2.4 Application of Bourdieu (1972) Theory of Practice to Family-Owned Business Governance Study</td>
<td>21</td>
</tr>
<tr>
<td>2.3 Governance Structures in Family-Owned Businesses</td>
<td>24</td>
</tr>
<tr>
<td>2.3.1. Board Structures in Family-Owned Businesses</td>
<td>24</td>
</tr>
<tr>
<td>2.3.1.1 Tacit Social Board Structure</td>
<td>24</td>
</tr>
<tr>
<td>2.3.1.2 Single-Tier Board Structure</td>
<td>26</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>2.3.1.3 Board Processes, Practices and CEO-Interaction</td>
<td>27</td>
</tr>
<tr>
<td>2.3.1.4 Leadership Structure and CEO Preference in Family-Owned Businesses</td>
<td>28</td>
</tr>
<tr>
<td>2.4 The Family Meeting Structure</td>
<td>35</td>
</tr>
<tr>
<td>2.5 Family Governing Council Structure</td>
<td>36</td>
</tr>
<tr>
<td>2.6 Family Ownership Structure and Involvement in Family-Owned Businesses</td>
<td>38</td>
</tr>
<tr>
<td>2.7 The Role of the Family in Family Businesses Governance</td>
<td>46</td>
</tr>
<tr>
<td>CHAPTER THREE: METHODOLOGY</td>
<td>54</td>
</tr>
<tr>
<td>3.0 Introduction</td>
<td>54</td>
</tr>
<tr>
<td>3.1 Research Philosophy</td>
<td>54</td>
</tr>
<tr>
<td>3.2 Research Design</td>
<td>55</td>
</tr>
<tr>
<td>3.3 Research Strategy</td>
<td>56</td>
</tr>
<tr>
<td>3.4 Selection of Cases and Research Participants</td>
<td>57</td>
</tr>
<tr>
<td>3.5 Sample Size and Sampling Strategy</td>
<td>58</td>
</tr>
<tr>
<td>3.6 Data Collection in Practice</td>
<td>61</td>
</tr>
<tr>
<td>3.7 Data Analysis Framework</td>
<td>64</td>
</tr>
<tr>
<td>3.8 Ethical Issues</td>
<td>66</td>
</tr>
<tr>
<td>3.9 Theoretical Lens</td>
<td>67</td>
</tr>
<tr>
<td>CHAPTER FOUR: FINDINGS AND DISCUSSIONS</td>
<td>69</td>
</tr>
<tr>
<td>4.0 Introduction</td>
<td>69</td>
</tr>
<tr>
<td>4.1 Nature of Board Structure in Family-Owned Businesses</td>
<td>69</td>
</tr>
<tr>
<td>4.1.1 Formal Single-Tier Board Structure</td>
<td>69</td>
</tr>
<tr>
<td>4.1.2 Tacit Social Structure</td>
<td>71</td>
</tr>
<tr>
<td>4.2 Appointment of Board Members</td>
<td>74</td>
</tr>
<tr>
<td>4.3 Family Representation on the Board</td>
<td>76</td>
</tr>
<tr>
<td>4.4 Non-Family Members’ Representation on the Board</td>
<td>77</td>
</tr>
<tr>
<td>4.5 CEO Dominance and Duality</td>
<td>78</td>
</tr>
<tr>
<td>4.6 Appointment of Key Management Personnel</td>
<td>81</td>
</tr>
<tr>
<td>4.7 Board Processes- Tacit Social Structure</td>
<td>83</td>
</tr>
<tr>
<td>4.7.1 Decision Process</td>
<td>83</td>
</tr>
<tr>
<td>4.7.2 Minutes Taking</td>
<td>85</td>
</tr>
<tr>
<td>4.8 Board Process-Formal Single-Tier Board Structure</td>
<td>86</td>
</tr>
<tr>
<td>4.9 Nature of Rules and Regulations</td>
<td>88</td>
</tr>
<tr>
<td>4.10 Family Meeting Structure</td>
<td>91</td>
</tr>
</tbody>
</table>
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: Background of the Selected Family-Owned Businesses (FOBs) and Respondents</td>
<td>63</td>
</tr>
</tbody>
</table>
ABSTRACT

Despite the dominant nature and the significant contributions made by Family-Owned Businesses (FOBs) to national and global economies, most family-owned firms face survival problems as the management and ownership pass from one generation to the other. This justifies the need to examine the state of governance of these businesses. A qualitative research approach and analysis based on twenty (20) interviews conducted with participants from fifteen (15) selected FOBs in Ghana were used. Bourdieu’s theory of practice was used to analyse the interviews along the lines of his concepts of field, capital and habitus. The study finds evidence of tacit social board structure, single-tier board structure, family meetings structure, well-structured special committees, traditional and spiritual governance mechanisms as well as supervisory bodies’ Codes and Acts to determine corporate governance practices in family-owned firms in Ghana. It also reveals that the family executed the following roles that were critical for building corporate governance mechanisms in FOBs; capacity building, setting the right tone of governance at the top management, regular education and socialization of members, building consensus and trust relationship among family, board and management, symbolic social corporate social responsibility and sustainability practices, and transgenerational planning. The result of the study reveals the following forms of ownership structures among Ghanaian FOBs; the parent-owner-closed family ownership structure, authoritarian conglomerates business families’ ownership structure, modern family conglomerate ownership structure and the multiple families’ ownership structure. This implies that corporate governance mechanisms in FOBs are the outcome of the interactions between fields, capital and habitus combined with ownership. Therefore, practitioners, policymakers and governments should consider these concepts in designing appropriate corporate governance systems for FOBs.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Family-Owned Businesses (FOBs) constitute the world’s oldest and most dominant form of business organizations across the world (International Finance Corporation (IFC), 2011; Prencipe, Bar-Yosef & Dekker, 2014) and they contribute significantly to the socio-economic development of nations through job and wealth creation, contribution to GDP and social life (Bammens, Van-Gils & Voordeckers, 2010; Lin 2012; Sharma, Chrisman & Gersick, 2012; Prencipe, et al., 2014). Global statistics indicate that between 70%-80% of the companies around the world are family-owned (IFERA, 2003), generating approximately 70%-90% of the world’s gross domestic product (GDP) yearly (Family Firm Institute Report, 2009) and 50%-80% of employment in most countries (Family Firm Institute, 2015) including Ghana.

By a narrow definition, FOBs are projected to range from 75% in the UK to more than 95% in India, Latin America and the Far and Middle East (Sarbah, Quaye & Affum-Osei, 2016); 80%-98% of global businesses in free economies (Byrd & Megginson, 2013, p. 4); and about 80%-90% of businesses in the North America and account for approximately 62% and 64% to employment and GDP in the U.S.A (Astrachan & Shanker, 2003) respectively.

To concur with literature, Dannreuther and Perren (2013) estimate that about 80% of the worldwide enterprises constitute family businesses and they account for about 60% of the total employment in the manufacturing sector. In corroborating with the above, a report by Pearl Initiative and PricewaterhouseCoopers (2012) also indicated that FOBs are the primary building blocks for the business community in the world and they are the central pillars around which the world’s economy is built. Many of the big companies we have in the world, today started as family businesses and they have now expanded into public-listed companies as well as multinational companies or conglomerates that operate in different countries.
Furthermore, the 2012 report of the Pearl Initiative and PricewaterhouseCoopers also pointed out that 90% of the businesses in both the developed and the developing world can be referred to as family businesses with the majority of them being small and medium-sized, even though some are large companies.

In the context of developing countries, Poza (2013) finds that family businesses contribute about 80% of the employment in India and the Latin America as well as accounting for about 50% of the economic growth of South Africa (Fishman, 2009). The picture prevailing in African economies towards FOBs is quite good as the sector contributes huge employment opportunities and about 60% of the GDP of the continent as a whole (Poza, 2013).

In Ghana, Small and Medium-Sized Enterprise (SMEs) are dominated by family-owned businesses. However, readily available data on FOBs and SMEs is hard to find (Andersson, Johansson, Karlsson, Lodefalk & Poldahl, 2017). However, evidence from the Registrar-General’s Department indicates that 85% (International Trade Centre (ITC), 2016) to 92% of companies registered in Ghana are SME enterprises (Steel & Webster, 1992; Abor & Quartey, 2010; Batiat Ghana Report, 2014). SMEs in Ghana have also been noted to provide about 85% of employment in the manufacturing sector, and also contribute about 70% of Ghana’s GDP, and therefore facilitate economic growth, income and employment generations in the country (Steel & Webster, 1992; Abor & Quartey, 2010; Batiat Ghana Report 2014; ITC, 2016). Hence they are dubbed as: local, national and global economies powerhouses (Conway Center for Family Businesses, 2017); backbone (Galván, Martínez, & Rahman, 2017) engine, efficient and prolific job creator, the seed of big businesses and fuel of the national economic engines (Abor & Quartey, 2010).

However, empirical evidences (e.g. Byrd & Megginson, 2013; PWC Family Business Survey, 2016) have indicated that the life expectancy of family businesses beyond their founders’
stage is very short. The report of the survey by PWC (2016) indicates that on the average, more than 30% of FOBs make it to the second generation; only 12% survive the third stage and finally, as low as only 3% survive into the fourth generation and beyond. This evidence is also supported by prior studies (e.g., Neubauer & Lank, 1998; IFC, 2011; PWC, 2012) which indicate that about 95% of family businesses fail to survive the third generation of ownership. Neubauer and Lank (1998), Dubai International Financial Centre (DIFC) (2010) and IFC (2011) repeatedly report that about two-thirds to three-fourths of family businesses windup or are sold at the time of the founders’ tenure, and only five to fifteen percent of them persist to the third generation of the founders’ descendants. Concurrently, KPMG International (2013) also notes that “starting a family business is easy, relatively speaking; sustaining it beyond a couple of generations is in our view the hardest part”. “It’s often said that the typical family business goes from rags to riches and back to rags in three generations” (KPMG International, 2013). The system of family businesses governance has been acknowledged in the literature as one of the major causes if not the first cause of this peculiar situation of the high rate of failures in FOBs (IFC, 2011). It is also evident in the literature (e.g. Sarbah & Xiao, 2014) that the effective development of FOBs may be well crippled by the lack of corporate governance mechanisms. Also, the basic element of a family business ownership is the family ownership. Therefore changes in ownership and ownership structure that result from the number of generations and families involved in the ownership or the extent of ownership concentration in a family business determine the governance structure needed (Nordqvist et al., 2014). Consequently, Sanchez-Ballesta and Garcia-Meca (2005) in Spain, reported that the board structure was affected by the extent of family involvement in the family business and ownership. Similar corroborating evidence by De Oliveira et al. (2009) establishes that the involvement of the family in ownership for Brazilian family-owned businesses affected the governance structures required in these firms, as well as the
succession planning and conflict management procedures required in both the family and business.

It becomes vitally important to understand the governance systems in FOBs taking the global impact into consideration: “how do we ensure that it will be so in the future as well?” Can a unique ownership and governance structures explain the survival of FOBs? Given the contributions made by these businesses to the socio-economic development of the world, it makes it very proactive, crucial and critical for stakeholders and governments to reason about their state of governance. As the manner in which they are governed is very crucial and critical in moving the national as well as world economy’s vehicle (Cadbury, 2000; Gregory, 2000). Therefore, the effectiveness or the otherwise of governance systems in the family corporate-business sector has become a forefront issue of public debates and academic literature following the recent global and national scandals or failures. For example, Adelphia, Enron, Global Crossing, and WorldCom, and other national corporate failures in Ghana: Unique Trust Bank and Capital Bank; fraud cases and microfinance scandals; DKM Diamond Microfinance, and Little Drops, Excel microfinance in the Brong-Ahafo Region and some parts of the country. Regardless of the fact that some of these corporations have operated in regulated fields with predefined corporate governance mechanisms including statutory, institutional and industrial regulations or frameworks, they still faced governance challenges that led to their demise or collapse. The question now is what becomes of the governance systems of family businesses in the SMEs field, if the majority of the FOBs under the SME category are unregulated and unlisted? This makes the system of governance in terms of structures, roles and ownership in FOBs still obscure, hence limiting our understanding of family firms governance due to the scarcity of information on ownership, kinship and their involvement in governance (Andersson et al., 2017), since the corporate governance mechanisms designed for the publicly listed companies may not be 100%
applicable to family businesses without making adjustment following the family involvement in ownership and business management. Therefore, this thesis seeks to fill this gap by focusing on the governance systems of FOBs in the Ghanaian context using Bourdieu’s theory of practice. In his theory of practice, Bourdieu explained strategy or practice by the complex interrelationship between his main concepts, namely field, capital and habitus (Bourdieu, 1972). Bourdieu (1997) understands these social fields as universe or microcosm in which the agents and institutions are integrated and interact with each other in accordance with field-specific rules. Bourdieu distinguishes between four types of capital, namely economic, cultural, social and symbolic capital (Bourdieu, 1986), which agents mobilize in order to enter and move on social fields. By habitus, Bourdieu understands the “ensemble of schemata of perception, thinking, feeling, evaluating, speaking and acting that structures all expressive, verbal, and practical manifestations and utterances of a person or the system of dispositions as a product of history that “produces practices in accordance with the schemas engendered by history” (Bourdieu, 1984, p. 82)

1.2 Statement of the Problem

Generally, governance is recognized as a pivotal factor that determines economic development (Heenetigala, Armstrong & Ediriweera, 2015) and the success or failure of every organisation (Steier, Chrisman & Chua, 2015). In FOBs, the unique feature of family involvement in the business and the ownership brings to bear a unique mode of governance (Nordqvist, Sharma & Chirico, 2014) which either inhibits or supports FOBs growth and longevity. Savato and Moores (2010) argue that although research in FOBs has grown systematically over the last thirty years, corporate governance research in FOBs is still impregnated with research issues since it has received little research attention and effort in literature. The low level of corporate governance research coverage in FOBs literature, is amplified by a recent literature (e.g., Andersson et al., 2017) that notes that, despite the
global recognition and dominance of FOBs in the world through their major contributions to our local, national and global economies, there is still deficiency in our understanding of family firms in terms of ownership, kinship and governance due to the inability to identify FOBs in total population data. This also agrees with a pioneer study (e.g., Cortés & Botero, 2016) that indicates that, despite the worldwide recognition and contributions of family businesses to the world’s economy, coupled with increased interest in family business corporate governance research, there is still limited knowledge of understanding family business forms of business ownership. This is so because the prior understanding of family business governance has focused on knowledge and practitioner literature executed in many North America, Europe (De Massis, Sharma, Chua & Chrisman, 2012) and Ibero-American countries (Cortés & Botero, 2016). This constraints our understanding and generalization because cultural and contextual factors such as language, religion and historical background are very key in determining the adoption and usage of corporate governance structures (Aguilera & Jackson, 2010; Volonté, 2015; Cortés & Botero, 2016) as well as defining the way in which family businesses behave and what these firms prioritize (Sharma & Chua, 2013). Consequently, Sharma and Chua (2013) propose for the need for researchers to explore family business issues from different cultures. They explained that culture and other contextual elements influence what individuals prioritise, the connection between variables of study and the general understanding of the family and business. A pioneer study (e.g., Weiste, 2013) that supports Andersson et al. (2017) and Cortés and Botero (2016) demonstrates that, the role of the family in the governance of family businesses is often overlooked, with the nature of ownership and governance structures (Nordquivst, et al., 2014) required to set performance goal in family companies still remaining unclear in the extant literature. Sarbah et al. (2016) complement this by indicating that the contributions
made by family businesses to the socio-economic development of the world is not all negligible and for that matter gives us a reason to worry about their state of governance.

Addae-Boateng, Xiao & Brew (2014) suggest the need for further study into governance issues in family businesses in Sub-Saharan Africa. Khavul, Bruton and Wood (2009) also emphasised the need for FOBs research in emerging economies: especially in Africa as FOBs research in the continent still remains limited even though it is getting saturated in mature economies. In response to these calls, some studies (e.g., Bettinelli, 2011; Sarbah & Xiao, 2014; Sarbah et al, 2016) on corporate governance dimensions have been done in both developed and developing countries giving an important recognition to the topic of corporate governance in family business research (Gersick, 2015). However, many of these studies on corporate governance have focused on large listed corporations that have their shares traded on the stock markets with well-regulated mechanisms and little empirical evidence available on non-listed family business (Prencipe, Bar-Yosef & Dekker, 2014; Heenetigala et al., 2015). Also, many of these studies on family business governance have relied primarily on anecdotal evidence (Cortes & Boetero 2016; Poza & Daugherty, 2013) which provides limitations for an in-depth understanding of the results of the leading governance studies.

Furthermore, literature suggest the need to employ pluralistic (e.g., Prencipe et al., 2014), alternative (Savato & Moores, 2010) theories and qualitative research approaches (Prencipe et al., 2014; Ready & Zhang, 2014; Fletcher, De Massis & Nordqvist, 2016; Leppäaho, Plakoyiannaki & Dimitratos, 2016) to investigate corporate governance issues in FOBs since previous accounting studies on corporate governance have mainly focused on the agency theory as well as quantitative research approaches. They argue that due to the private and proprietary nature of FOBs, data gathering tends to be relatively problematic because they lack general archival database and general corporate data that are publicly available (Prencipe
et al., 2014, Andersson et al., 2017). They further argued that understanding of governance
systems in family businesses literature is limited (Andersson et al., 2017); with most of them
being in the category of SMEs which are unlisted (Sarbah et al., 2016) and that do not have a
readily available database. Savato and Moores (2010) contend that the use of the agency
theory alone in FOBs corporate governance studies significantly restrains the possibility to
interpret multiple dimensions of realities inherent in FOBs. It is also argued that the agency
theory is restricted to the agency relationships in FOBs which ignores the social, generational
altruism, the family entrenchment of strategic positions and risk aversion (Prencipe et al.,
2014). Moreover, notable governance models in the family business studies have leaned
toward either a single-family or single-business organisations, neglecting governance studies
in multiple families and or multi-business organisations (Steier, et al., 2015). Therefore, this
thesis seeks to fill these gaps by examining the governance systems in Ghanaian FOBs.

1.3 Research Objectives

Generally, the study examines the nature of governance structures, the role of the family in
family business governance, and the nature of business ownership structures in family-owned
businesses. Specific objectives are:

1. To examine the nature of governance structures in Ghanaian family-owned businesses
2. To examine the role of the family in governance regarding family-owned businesses
   in Ghana.
3. To examine the nature of ownership structures in family-owned businesses in Ghana.

1.4 Contribution of the Study

This study contributes to FOBs’ corporate governance literature by adopting Bourdieu’s
theory of practice along with his lines of field, capital and habitus to examine corporate
governance practices in FOBs. This responds to the call by prior studies (Salvato & Moores,
2010; Prencipe et al., 2014) that advocate for accounting researchers to employ alternative and pluralistic theories in FOBs’ corporate governance studies. These prior studies have predominantly used the agency theory alone in FOBs corporate governance studies. The adoption of agency theory alone significantly restrains the possibility to interpret multiple dimensions of realities inherent in FOBs. It is also argued that the agency theory is restricted to the agency relationships in FOBs which ignores the social, generational altruism, the family entrenchment of strategic positions and risk aversion (Prencipe et al., 2014). The Bourdieu theory along his concepts of field, capital, and habitus helps to interpret and understand the multiple dimensions of realities inherent in FOBs taking in consideration both social and economic features that influence corporate governance in FOBs. This study also adds proactive insights into the existing corporate governance literature (e.g., Subramaniam et al., 2013) that adopted the relational and social capital theories to study corporate governance in the public sector enterprises. Also, prior social capital theory researchers’ (Nahapiet & Ghoshal, 1998) have tended to emphasise social capital at the individual level. Bourdieu’s theory of practice does integrate social capital and other facets of capital such as cultural and economic and field to study corporate governance at the organizational level especially in FOBs. The study also provides insights to practitioners such as family firms: owners, senior ranking leaders and financiers by highlighting the control roles that the family can play in family business governance (management, board and ownership) towards the institutionalization and implementation of appropriate governance structures to build successful and lasting FOBs in the Ghanaian and the global economy as a whole. It also enlightens FOBs leadership on how ownership structure and field pre-inform the choice of appropriate corporate governance structures needed to operate. Finally, the study also highlights the need for policymakers and other stakeholders to consider how the interplay
among field, capital and habitus (tradition, religion and customs) influences corporate governance practices in family firms for future policy formulation.

1.5 Summary of the Study Chapters

This thesis is organized into five main chapters. The first chapter contains the introduction: background to the study, statement of the problem, objectives, contribution of the study and summary of the study chapters. The second chapter discusses the theoretical and critical literature review. The third chapter deals with the method of data collection and analysis. The fourth chapter covers the presentation and discussions of main findings. The fifth chapter highlights the summary, conclusions and recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter of the study discusses the overview of the field of FOBs in Ghana, the theory adopted and its application to the current study under investigation. The chapter also reviewed literature in relation to governance structures in FOBs, the role of the family in relation to family business governance and finally the nature of ownership structures in family-owned businesses. Relevant literature is reviewed in these areas because it provides the necessary empirical evidence to support the need for carrying out corporate governance study in FOBs as well as the relevance of Bourdieu’s theory of practice to FOBs corporate governance study. Also, the literature review is consistent with the corporate governance themes that emerged from the field data in this study, hence aided the achievement of the research objectives.

2.1 Overview of the Field of Family-Owned Businesses in Ghana

Empirical evidence (e.g. Handler, 1989; Prencipe et al., 2014; Sarbah et al., 2016; Andersson, Johanson, Karlsson, Lodefalk & Poldahl, 2017) indicate that the most obvious and difficult challenge faced by family business researchers is how to define what constitutes a business family. To justify this, Handler (1989) explained that defining what entails a family business is a basic and most immediate challenge for scholars who have an interest in family business research. The reasons which were given by these researchers for this complication in defining what a family business constitutes include but not limited to; wide scope of coverage, elongated stakeholder structure, family involvement in management and ownership. In the seminal work of Lansberg, Perrow and Rogolsky (1988), they asked the question “what is a family business?” Since then and till now this question still remains
unanswered in the literature despite the efforts made by scholars to get is answered. The most common and generally agreed element that runs through amongst all the definitions given in literature so far is the family involvement in both management and ownership. Thus, Astrachan and Shanker (2003) provide some definitions which range from, a broad definition which covers those family firms with limited family involvement whereby the strategic direction of the business is controlled or owned by the family, and with some level of family participation in the management of the business. Further, they suggest a middle definition of family business in which the descendants or founders’ of the family firms manage the company and intend to keep family ownership of the company over generations. Finally, the narrow definition is characterised by high level of family involvement whereby many generations or descendants are involved in the business with more than a single family member having management responsibility in the business. Other authors (e.g. Davis & Taguiri, 1996; Anderson & Reeb, 2003) defined it on the basis of ownership and governance).

For the purpose of this study, a FOB is defined as a business organisation in which two or more Ghanaians related by blood through either nuclear or extended family system own the majority of the shareholdings in a company or an enterprise, are involved in the strategic direction and control of the business, and the business might have been passed on from one generation to another or they have the intention to pass on ownership to the next generation.

Based on this definition, the study theorises the field of FOBs in Ghana to include those businesses in the private sector that operate in either regulated or unregulated business fields; ranging from SMEs to conglomerates or large multinational companies in Ghana that meet the definition above. Therefore, Ghanaian FOBs include those in the private sector that operate in either the formal and informal sectors including manufacturing, construction and agriculture sectors, and service sectors such as education and training, banking and
accountancy, trading and hospitality. The International Trade Centre (ITC) SME Competitiveness Report (2016) reveals that SMEs and for that matter FOBs in Ghana constitute about more than 85% of the businesses within the private sector, and contribute about 70% of Ghana’s gross domestic product (GDP) and approximately more than 50% of full-time employment in the private sector. Similar evidence provided by Steel and Webster (1992) reveals that SMEs account for 92% of businesses in Ghana, and about 85% of manufacturing employment and 70% of GDP. FOBs are actual vehicles for the achievement of the national macroeconomic objective. For this reason, SMEs and FOBs are described as the fuel and engine of national economic vehicles, efficient job creators and the seeds of big businesses (Abor & Quartey, 2010).

2.2 The Various Concepts of Bourdieu (1972) Theory of Practice

A French sociologist, anthropologist (ethnologist) and philosopher, Pierre Bourdieu (1930-2002) was one of the great theorists of the twentieth century (Everett, 2002; Khanchel & Kahla, 2013). Bourdieu in his theory of practice explained practice or strategy by the complex interrelationships that exist between three main interrelated concepts: These include field, capital and habitus. Consequently, the following subsections discuss each of these concepts in detail.

2.2.1 The Concept of Field

Fields in the view of Bourdieu are “networks of social relations, structured systems of social positions within which struggles or maneuvers take place over resources, stakes and access” (Bourdieu & Wacquant, 1992, p.98; Everett, 2002, p.60; Khanchel & Kahla, 2013). The field in his view is a microcosm of the macrocosm which constitutes social space (Lahire, 2001). This means that the field is a relatively autonomous social universe set with its own laws, rules and challenges (Bourdieu, 1989). In relating this to social reality, it can be
realised that our daily life activities are as a result of infinite interactions that manifest in the form of negotiation, discussions and conflict situations (Walther, 2014). Accardo (2006) argues that in order to understand the struggle that takes place in our daily life, we first of all need to understand the circumstance and the social space or the field within which it happens. The field is the pre-requisite of other concepts to exist. This means that capital and habitus cannot occur or exist without a field. Hence, social fields constitute the pivot that structures and organizes Bourdieu’s thoughts as it forms the fundamental entry point to other concepts to find their way into existence. The implication of the field for the study is that corporate governance practice is a general concept that applies to government organisations, family and non-family businesses, hence different fields can be identified within the social arena. Therefore, understanding of governance systems in this regard constitute corporate governance mechanisms designed for family firms which may be misunderstood when it is being removed from the field of family business. This means that social fields are “historically based on shared meanings” (Iellatchitch et al., 2003). In this case, the social field, in this regard, is the subfields like corporate governance field in FOBs consisting of small and medium-sized enterprises (Steel & Webster, 1992; Abor & Quartey, 2010), listed and unlisted family firms and large corporations that operate in different institutional and industrial sectors (IFC, 2011). This means that the social arena can further be broken down into subfields as in the case of the business community or economic field with state-owned enterprises, SMEs, family and non-family private firms. Bourdieu used commercial and non-commercial taxonomy to distinguish between the fields of commercial production and non-commercial production in which ordinary entrepreneurs seek for economic returns whereas cultural entrepreneurs also compete to accrue cultural capital with less immediate and less explicit economic returns respectively (Thompson, 1999; Korte & Lin, 2013). There can also be the organisational field, for example, a particular family business where individuals;
family members and managers compete for personal advantage. Bourdieu (1977) also viewed that the field as a universe in which social actors and organisations are unified to interact with each other in accordance with the statutory, institutional and industrial filed specific rules (Walther, 2014). Wacquant (2011) argued that rules are tacitly formulated rather than formalized, hence Bourdieu (1983) posits that the rules need to be internalized by the social actors involved in order to establish appropriate and relevant practices. This means that rules are relative in nature depending on the field, hence what constitute rules and regulations for a particular field can be ascertained through research (Walther, 2014). Consequently, Bourdieu holds the view that fields are autonomous due to the uniqueness of their nature of rules and regulations. Nevertheless, he qualifies that the autonomy is only relative as fields are incorporated within a social arena. For example, the mixture of politics, economy and religion may influence the intellectual field (Walther, 2014). Likewise, the economic system, culture, religion, customs and idle resources possessed by a family may influence the field of FOBs corporate governance practices and ownership. Evidence in literature (e.g., Sarbah & Xiao, 2014) demonstrates that there are no generally designed corporate governance rules and regulations for family firm, what constitutes governance rules and regulation depends on the industrial and institutional rules and regulation designed for the specific field in which the family firm operates, thus, either a regulated or unregulated field (Bourdieu, 1966) and the cultural and historical factors (Volonté, 2015; Cortes & Boetero 2016). Bourdieu indicates that fields are occupied by two sets of agents, namely, the dominant and the dominated who struggle for power or monopoly, the dominion of class. In conclusion, fields are social spaces where power relations and practices of actors are not arbitrary. Consequently, social actors require capital to maintain or improve their position vis-a-vis with other actors. Hence, the following subsections discuss the concept and types of capital.
2.2.2 The Concept of Capital

Basing on the argument of Bourdieu, which holds that, the social field exemplifies a game ground with players and specific rules, consequently actors require specific amount of resources and structures (capital) to be able to establish proper practice and strategies or to get the permission or the license to enter the field or earn income for oneself (Accardo, 2006; Walther, 2014). For Bourdieu, power is embedded in capital, therefore, people who have capital in a social or institutional setting can utilise it to earn income in the present terms or in the future (Bourdieu, 1990).

As noted by Bourdieu, “capital does not exist and function except in relation to a field” (Bourdieu & Wacquant 1992: p.101). Bourdieu explains that capital constitutes the basis for social life and dictates individual’s position in a social order. This means that people with more capital are more powerful to occupy higher positions in the field. Bourdieu further stated that each of the capitals is recognised and valued differently in different fields (Walther, 2014). This means that different weights may be assigned to different capitals depending on the field it is needed and how it will be utilised. Bourdieu (1986) identified four types of capital required by actors to enter and survive in the social field. These are economic capital, cultural capital, the social and symbolic capital. Despite the fact that these types of capital seem to be standing alone in theoretical terms, in reality, they are intertwined and linked together (Khanchel & Kahla, 2013). This means that one capital can be converted to another type of capital (1986). For example, money capital can be exchanged for other capital like cultural capital, social capital and symbolic capital.

Bourdieu’s economic capital constitutes distinctively monetary, material items and artifacts such as money, material wealth, commodities and physical resources (Everett, 2002). Cooper and Coulson (2014) posit that economic capital is not necessarily a “trump card” on all
fields, but one of the easiest forms of capital that can be converted into other kinds of capital, hence always important. Walther (2014) also holds the view that, economic capital constitutes someone’s revenue and fortune which can directly be converted into an institutionalized in property rights (Bourdieu, 1986). Just like the concept of field, capital in the organizational setting also plays a critical role in determining positions held by agents in the economic field. For instance, in the economic field of family businesses, a person’s position in management, ownership and board is dependent on the monetary resource, financial, revenue or shares owned by the person in the company (Khanchel & Kahla, 2013) as well as the economic system of the country. Also, governance structures, the role of the family as well as the nature of ownership structure in family firms are shaped by the resource of the organisation as well as the individual actors involved in the ownership and control of family firms. Thus, the capital structure (Bourdieu, 1990) may determine the governance systems needed to enter or survive in the economic field of businesses.

Bourdieu’s cultural capital separates with his economic capital on the point that capital should not necessarily be tangible to be valuable. In certain cases, capital remains intangible yet valuable (Everett, 2002). Bourdieu’s cultural capital comprises of the set of symbolic elements such as knowledge, skill, taste, lifestyle, posture, mannerism, material belongings, title and educational qualifications acquired through being part of a social class (Bonnewitz, 1997; Khanchel & Kahla, 2013). Khanchel and Kahla (2013) indicate that cultural capital is a function of “knowledge, skills, science and technology (guarantees, among others, diplomas and titles of major scientific schools)”. Cultural capital is acquired by a person through the family and educational system and may be institutionalized in a way of educational qualification (Walther, 2014). According to Bourdieu, capital is the source of power and relative positions in a social arena. In the view of Bourdieu, cultural capital manifests itself in three distinct forms, these are; embodied state of cultural capital which constitutes a
durable system of dispositions and signifies one’s entirety of intellectual qualifications or human capital (Bourdieu, 1986; Walther, 2014) and one’s culture or cultivation that presumes a process of embodiment as it signifies a time-intensive labour of inculcation and assimilation (Bourdieu, 1983). Therefore, the delegation of embedded cultural capital acquisition is not possible since it exists in the mind or the body of a person. The effort of attainment is the ability of oneself. The objectified kind of cultural capital manifests in the form of material things or artifacts such as books, paintings, monuments, instruments etc. that can be transferred from one person to another a physical state. Finally, academic qualifications institutionalised and sanctioned by a social institution constitute the institutionalized form of cultural capital (Walther, 2014; Khanchel & Kahla, 2013; Everett, 2002). Bourdieu in his opinion acknowledges that institutions institute cultural capital by a collective magic which enables comparison to be made between qualification holders, e.g. two persons having obtained their diploma from different institutions.

According to Bourdieu (1986), social capital is “the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition or in other words, the membership in a group which provides each of its members with the backing of the collectively owned capital, a credential which entitles them to credit, in the various senses of the word” (p.21). To justify this, Bourdieu explained that this capital may result from the application of a common name which may take the form of a family name, tribe, class, school or a party consisting of a complete set of instituting acts designed to concurrently form and inform people who go through the exchange process. This means social capital basically consists of the totality of contacts, networks of social ties and relations and the assets that accrue through the social ties of relationships (Walther, 2014:p.13; Khanchel & Kahla, 2013). Thus, one’s actual or potential resources of social connections that can be legitimised by a
class membership, family or group (Bourdieu, 1986) to gain access to either material or immaterial resources such as information and knowledge (Gretzinger, Hinz, & Matiaske, 2010). Bourdieu holds the idea that the amount of social capital possessed by a person largely depends on the size of social networks and connection developed through the use of economic, cultural and symbolic capital (Bourdieu, 1986). This is supported by Nahapiet and Ghoshal (1998) who explained social capital to include social networks of relations developed over time between people, which manifests in the kind of friendship, respect, approval, prestige, the motive for membership of a network, obligations, trust and a sense of identity with the network. This is also consistent with the relational governance model as indicated by Mustakallio, et al. (2002) who argued that social contact is a major factor that influences the development of a shared vision and trust that improves the quality of a strategic decision-making. They explained further that social relationships within the family that owns the family firm can be strengthened through various family institutions. This is also supported by the findings of Subramaniam, Stewart and Shulman (2013) who discovered a culture of good social relationships between staff and leadership of an organisation was recognised as a critical factor for building strong corporate governance structures in public-owned enterprises in Australia. They explained that when a climate of friendship, respect openness and trust established, it eliminates difficult relationship which ensures social cooperation, coordination and communication which is good for building good governance and productivity (Bandiera et al., 2008; Atkinson & Butcher, 2003). Through the social capital of networks of relationships, the family businesses are able to attract a pool of competent directors such as chiefs in the community and knowledgeable friends who can bring value to the entity as well as the individual directors (developing personal contact) (Useem & Karabel, 1986). This finding is consistent with Alix and Horner (2010) who
indicated that boards with external social capital can create links with the outside community and firms in order to create avenues for information sharing and acquisition of resources.

The concept of Bourdieu’s symbolic capital is associated with honor, recognition and prestige (Walther, 2014; Khanchel & Kahla, 2013). It is not stand alone type of capital, however, connected with the possession of other forms of capital an individual competing with peer competitors in a field (Bourdieu, 1997). This presupposes that economic, social and cultural forms of capital can be converted into the symbolic capital on a social field (Bourdieu, 1972) that is “worthy of being pursued and preserved” (Bourdieu, 1977, p. 182). The recognition process of social capital manifests the system’s axiom of relative usefulness of capital which depends on the rules and regulations of the field (Doherty & Dickmann, 2009).

2.2.3 The Concept of Habitus

Habitus according to Bourdieu represents the system of dispositions as a product of history that “produces practices in accordance with the schemes engendered by history” (Walther, 2014). Mayrhofer et al. (2007) indicate that habitus is “durable but continuously evolves to be adjusted to the current context and reinforced by further experience” (Walther, 2014, p.13). Thus, it “illuminates the variegated logics of social action” (Wacquant, 2011, p.82). The centrality of Bourdieu’s concept of habitus is the ability to replicate the same thing or action in a similar situation (Rehbein, 2011; Walther, 2014). Habitus is acquired through the family system or the school system which Bonnewitz (2009) refers to as the primary and secondary socialisations (Rind & Sangi, 2016). Primary socialization is the socialization that comes from the family during childhood (Walther, 2014, p.14). The type of socialisation that is acquired at childhood is often referred to as the primary socialisation. The outcome of family socialisation is rather stable. Thus, patterns of action and perception transmitted during infancy are an education that is connected to the social status of the parents’ in the
social arena. Consequently, the family habitus is about ‘adopting the external’ as the parents’ ways of thinking, feeling and behaviour that is connected to their status in a field which is incorporated in the children’s own habitus. Bourdieu (1977) termed it as “class habitus” which depicts varied positions which are held by people in social space which brings to bear different tastes, preference, lifestyles and interests among different social classes (Bourdieu, 1984). The primary socialisation has its foundation from the family socialisation and the secondary socialisation is an outcome of one’s education at school and university, but also comes from other life experiences from our daily interactions with the environmental actors in the universe. The family socialisation as “embodied history, internalized as second nature and so forgotten as history” (Bourdieu, 1990, p. 56) never loses its outcomes and affects the secondary socialisation. Thus, the primary and the secondary socialization can be combined into a unit of habitus which is continuously reinforced and modified by life experience which characterises it as unique and dynamic in nature (Chudsikowski & Mayrhofer, 2011; Walther, 2014). This presupposes that the unit habitus is an outcome of past and present experience which tends to be a continuous and evolving internal mechanism or structure (Bonnewitz, 2005). However, this does not mean that there is always a corresponding change in our systems of disposition at every new life experience (Walther, 2014).

2.2.4 Application of Bourdieu (1972) Theory of Practice to Family-Owned Business

Governance Study

This study contributes to knowledge on corporate governance studies in FOBs as it is the first of a kind or perhaps among the very few corporate governance studies that adopt Bourdieu’s theory of practice to examine the nature governance and ownership structures as well as the role of the family in business governance. Therefore, this section of the chapter discussed the justifications for its applicability to corporate governance study in FOBs.
Bourdieu’s theory of practice is unique, novel and diversified because it provides for a critical approach to better understand how and why organisations behave the way they do by providing insight into how concepts such as field, capital and habitus interact to broaden our understanding of different visions about social reality (Khanchel & Kahla, 2013).

The Bourdieu (1972) theory of practice was adopted for this study for the following reasons. First, it is a grand theory (Reckwitz, 2003; Walther, 2014) since it is an abstract and normative theory of human nature that can be applied to different situations in an organisation. For example, in the family business, Bourdieu’s theory of practice was used to study holistically different facets of the organisational actors such as the family, and business (CEO, top management, the board of directors), ownership and other stakeholders that come together simultaneously. This helped to understand determine the corporate governance systems necessary for decision making to ensure that different stakeholder’s coalition goals are consistent with the organisational goals. Second, prior governance studies (Block, 2011; Mustakallio et al., 2002) in family firms have relied predominantly on the agency theory which focuses on economic factors as well as the separation of ownership from the control that drive family firms’ decisions and behaviour (Fama & Jensen, 1983). It is argued in the study that the involvement of the family in the business may neutralise the agency problem in the family firm. Therefore, Bourdieu’s theory of practice is useful because it does not only integrate the economic or the contractual aspect but also useful in examining the social, relational and non-economic aspect of governance systems in family firms. Bourdieu theory of practice establishes the relationship between field, capital and habitus in the organisational setting. Thus; social arena with social structures, positions, rules and regulations (field) where the struggle over resources (economic capital, social capital and cultural capital) shape strategy generating principles that enable actors to cope with uncertainty (habitus) (Bourdieu, 1977). Bourdieu’s theory of practice was also adopted in response to a call by Prencipe et al.
(2014) for accounting researchers in the field of family business to consider using pluralistic theories considering the richness of the field and the diversity of research questions to be addressed. Considering the multifaceted nature of family businesses, a good governance system involves the interaction between family, businesses and ownership. It is contended that adopting the Bourdieu’s theory of practice in this study is both relevant and appropriate. For example, Bourdieu’s theory of practice explains the cultural context where governance and ownership structures are appropriate. The choice of the governance structures is influenced by the field as well social capital (Bourdieu, 1986). Thus, choosing a formal board structure or the tacit structure is influenced by the regulations governing the FOBs activities. For example, establishing a formal board structure in the Banking sector is influenced by the banking acts and regulations. Also, the tacit structure is as a result of the family relationship of network-ties that connects the family together. A family will have supervisory board where many generations are involved in the business. This will be necessary where multiple marriages and multiple siblings are involved in the business. The supervisory board will serve the multiple interests of the various generations that are involved in the business. Also business-families will be developed and use non-family members in the business where the non-family members have social and cultural capital that are relevant to the success of the FOBs. For example if the family realises that it needs some expert to manage the business in which none of the family members has. Also the social capital will attract non-family members where they believed that the person can link the FOB to acquire some resources and information through external network linkage.
2.3. Governance Structures in Family-Owned Businesses

The following subsections discuss the governance structures in family-owned businesses. The section elaborates on the following governance structures; board structure, family council, Leadership structure and family meeting in family-owned businesses. Each of these governance structures is discussed below.

2.3.1. Board Structures in Family-Owned Businesses

2.3.1.1 Tacit Social Board Structure

In the view of Magee and Galinsky (2008), one of the fundamental characteristics of any social relations is the existence of a social hierarchy in the form of a board which prevails in many groups and organisations. They defined the social hierarchy as “an implicit or explicit rank order of individuals or groups with respect to a valued social dimension”. He and Huang (2011) have also argued that, just like any other members of a social group, board of directors is likely to implicitly and spontaneously sort into tacitly informal social hierarchy base on the deference members have for one another’s competence and influence (Gould, 2002; Overbeck, Correll, & Park, 2005). The tacit social structure constitutes an informal board structure in which individuals in a group or organisation spontaneously forms a board by deference (respect, submission, recognition and mutual acquaintance) (He & Huang, 2011) or inference. Without being aware, people within this group occupy positions (status) and can exert some influence on decision making and the strategic directions in this social structure. Similarly, earlier studies (e.g. Magee & Galinsky, 2008) demonstrate that as far as human’s group is concerned, a board is likely to be formed from an informal rank order by deference. He and Huang (2011) continued to explain that when an informal social order with clearer deference between members provides the board of directors with clear lines of direction and implicit role expectations, it helps to discuss and decide on corporate issues that affect businesses more productively. On the other hand, lack of clarity leads to confusion, conflict,
frustrations and hence compromises with the efficiency and effectiveness of boardroom interaction. In their views, the words such as implicit and explicit were used to denote people’s awareness of the social structure in which they are found. And that rules and regulations within this structure can be consensually agreed upon or subjectively understood by the people embedded in the structure. The implication of Magee and Galinsky’s (2008) definition is that through the social interaction, leaders emerge naturally from the group or the organisation. Blau and Scott (1962), in their opinion, within this social structure, must be at least an individual or group that is a subordinate to another group or individual. In the social structure of the relationship, very few key individuals accumulate more power based on their resources since different degrees of powers are assigned to different individuals and people based on their resource possessed (Magee & Galinsky, 2008). Their view, in this case, confirms the capital theorist (Bourdieu, 1986) view that capital constitutes the basis of social life and dictates one’s position in a social hierarchy. Thus, according to them, the more capital one possesses, the more powerful the position the one is likely to occupy in a social arena.

In a hierarchical form of social relations, people are engaged in creating social groups by having a formal system with rank-ordered roles or taking part in an informal interactive process where the order of individuals or groups rank organically develops on at least one valued social dimension (Magee & Galinsky, 2008). In the formal social structure, there is the evidence of clearly established organisational structure with clearly defined job titles, roles, reporting structures, and organisational charts. On the other hand, within the informal social structure, rank order develops rapidly and spontaneously through deference (He & Huang, 2011; Magee & Galinsky, 2008; Schmid, 2002; Anderson, John, Keltner, & Kring, 2001; Blau & Scott, 1962)
One reason for the formation of this social board structure is that people form interpretations and make conclusions about others’ people’s competence and power on only seconds of observation (Ambady & Rosenthal, 1993; Todorov, Mandisodza, Goren, & Hall, 2005). For this reason, variances in task participation come within a few minutes of interactions (Fisek & Ofshe, 1970) which creates a rank order of differentiation that defines the experience of the entire group. This result in high level of consensus among members of the group as well as defining each of the individuals rank within the group (e.g., Schmid & Hall, 2004), presupposing that the procedure for ranked differentiation is important to group members in essence when the hierarchy is based on a feature as subtle as nonverbal behaviour (Hall, Coats, & LeBeau, 2005). In essence, the social hierarchy ensures coordination of activities by defining the clear lines of deference and direction which simplifies the coordination process where there are many kinds of tasks, most importantly in comparison to more egalitarian mechanisms (Tiedens, Unzueta, & Young, 2007).

2.3.1.2 Single-Tier Board Structure

The report issued by the 1992 Cadbury Committee flagged on the need for listed companies to have an effective board of directors with well-established structure and clearly stated responsibilities (Fadun, 2013; De Moor, 2014). Adams, Hermalin, & Weisbach (2010) posit that understanding the board structure is necessary for understanding the behaviour and activities designed for the crafting out of policies to regulate the activities of corporate bodies. Board structures differ considerably across the globe due to differences in cultural, political, historical and contextual influences of each country and business context (De Moor, 2014). In general sense and practice, different board structures (e.g. single-tier board, two-tier board and the Japanese board structure) (Fadun, 2013) exist because corporation operates in the different contextual environment (Maassen & van den Bosch, 1999). However, for the purpose of this thesis, the single-tier structure is discussed. The single-tier is a unitary board
system that simultaneously combines the executive and the independent directors together under one umbrella to oversee the overall affairs of the corporate entities (Jungmann, 2006, De Moor, 2014). This structure is also referred to as Anglo-Saxon one-tier board model (Hayes et al., 2014) that comprises of the only board of directors either the executive or non-executive directors. In reference to the USA corporate governance law and corporate code, there is extremely no difference between the executive and non-executive directors of the board under the single-tier board structure (Maasen, et al., 1999). In this case, both management executive, as well as supervisory members are jointly responsible for the strategic direction and control of the corporate activities. The Anglo-Saxon style of corporate governance influences the one-tier board structure in most countries around the world (Fadun, 2013). For instance countries like United Kingdom, Ireland, the United States and Canada but also Belgium, Sweden, Spain, Portugal, Greece, Singapore and India. However, countries like Germany, Netherlands and Finland which are in the Continental European segment have their companies structured according to the two-tier board model in which different boards consisting of a separate management and the supervisory boards which have different legal responsibilities (Jungmann, 2006; Block, & Gerstner, 2016). The leadership of the one-tier board is in the hands of the chairman, who may also be the CEO of the company. The practice in which the same person fulfills the role of CEO and chairman is called CEO duality (Anand, 2007). This implies that under the single-tier board structure there is only one chair hence quick decision-making and unity of command may be assured of.

2.3.1.3 Board Processes, Practices and CEO-Interaction

Bammens, Voordeckers, and Van Gils (2011) indicates that board processes can be categorized into psychological (e.g. conflict management and trust) and behavioural (e.g., debate and information) dimensions. Zahra and Pearce (1989) also used five distinct elements to illustrate the board processes; the regularity and length of meetings, board and CEO
relations, level of agreement among directors on issues at hand, the formality of proceedings, and the board’s self-assessment (Goel, Jussila & Ikkäheimonen, 2014). Extant literature (e.g. Zahra & Pearce (1989) on CEO-board relationship elaborates on the existence of identifiable functional and dysfunctional patterns of the board of directors and CEOs. In this case, the board can be defined as a legal necessity not capable of commanding decision-making power, rubber stamp validating decision made by powerful CEOs, proactive with more power than CEO and participative board with less power. Boyd, Haynes, and Zona (2011) also used variables such as involvement, control and vigilance to demonstrate the board-CEO relationship. This means that, in the context of small firms, CEOs tend to have the greater power and the status to influence organizational processes and outcome through exercising control over the decision making processes. In essence, the board composition, size, and other attributes are shaped by the CEOs in small family firms (Pearce & Zahra, 1991). In this case, CEOs with outside directors tend to use these directors as a mechanism to get access to resources whereas those with inside directors use it as a mechanism for meeting legal requirements (Ward & Handy, 1988). Fiegener, Brown, Dreux and Dennis (2000) demonstrate that CEOs with majority shareholdings and family interest tend to have less number of outside board members representations. The possible reason behind less representation of independent directors is that the greater involvement of independent directors may limit the CEOs discretion (Fiegener et al., 2000).

2.3.1.4 Leadership Structure and CEO Preference in Family-Owned Businesses

The official duty of the Chief Executive Officer (CEO) of an organisation is to direct the overall business affairs; while, the chairman is also entrusted with the responsibility to handle the undertakings of the board (Sheikh & Wang, 2012). At the point where the CEO serves as the chairman of the board, and at the same time the CEO, he or she is said to have double responsibility at the same time; CEO-duality. Additionally, the performance of a family firm
is affected by chief executive officer dual role as chairman and CEO of the enterprise (Tam & Tan, 2007). Business organizations either practice a dual system or separate leadership system whereby the positions of CEO and chairman is held by either one person or two separate persons. The separate system serves as a mechanism for mitigating the agency problem of separation of ownership from control (Fama & Jesen, 1983). Empirical evidence on the CEO-duality is mixed and inconclusive. For example, Abdullah (2001) revealed that about 78.6% of family firms in Malaysia have a separate leadership structure. This is supported by Ayoib, Aziah and Zuaini (2003) that revealed that 89% of the public listed companies in Malaysia separate the roles of the CEO and the Chairman. PWC (1999) established that the majority of the public listed firms in Malaysia have a separate leadership structure. Contrary to prior findings, Rahman and Haniffa (2005) established that there is an increasing trend of CEO-duality in Malaysia; however, tend to perform less compared to their counterparts with separate leadership. Again, evidence by Tan and Tan (2007) on top 150 public listed companies in Malaysia found that governance practices such as adopting concentrated ownership had a positive and significant relationship with performance in all the sectors within the Malaysian economy. Donaldson and Davis (1991) established that the actions of CEOs who are stewards are best facilitated when corporate governance structures confer a high degree of power and discretion. Anderson and Reeb (2003) proposed that perpetual founding-family presence shows significant performance in terms of accounting and market performance. This evidence corresponds with a prior study by Anderson, Mansi and Reeb (2003) who establish that the continuity of the family in management creates a powerful reputation effect which serves a drive for managers to improve the performance of the family firm. However, the evidence is at variance with Schulze, Diño, Lubatkin and Buchholtz (1999) who indicate that there is resentment on the part of non-family senior
ranking executives against placing family members as CEOs of the family firm since tenure, merit talent and skills are not necessarily are prerequisite for top management positions.

Consistently, Fama and Jesen (1983) and Abor (2007) demonstrate that the concentration of chairmanship position and chief-executive officer position in the hands of one individual reduces the board effectiveness in terms of top management decisions. Ehikioya (2009) find an inverse relation between CEO-Duality and firm performance, hence the study recommends these two positions should not be consolidated into one unit. Further, Sitthipongpanich and Polsiri (2015) also demonstrate in their study in Thailand that family CEOs with a doctoral degree has a negative relationship with firm performance which is possibly caused by their interest in research or innovation-related strategies.

Turning on the CEO preference in family firms, a study by Lemos and Scur (2018) in Latin America and Europe to document their corporate governance choices and CEO succession using a sample size of over 800 family firms revealed that there is a preference for male heirs; even when the founding CEO steps down there is 30% likelihood of the position being taken over by the son if he has one. Ahrens, Landmann, and Woywode, (2015) also find that only 23% of all single-family successors were females, indicating the preference for males. They explained that male successors are chosen because of context ruler’s gender preferences for male heirs. This finding is also in line with another study by Lemos and Scur (2018) who found the preference of male heirs in family firms in Latin America and Europe. They indicated that even when the founding CEO steps down there is 30% likelihood of the position being taken over by the son if he has one. This depicts there is the lower adoption of best managerial practices in those selected cases. In another study by Salvato, Minichilli and Piccarreta (2011) to investigate the differences between the careers of CEOs in family and nonfamily firms revealed that the agency consideration facilitated the appointment of family members and insiders as CEOs of family firms.
2.3.1.5 Empirical Review on Board Structure and Directors

Good corporate governance mechanisms or practices in family firms cannot be underestimated (Sarbah et al., 2016) since these businesses constitute the building block of the business community (PWC, 2012), and the backbone of the global economy contributing immensely to the global economy in terms of social and economic developments (Bammens et al., 2010; Sharma et al., 2012). The board is recognized as central and one of the most important aspects and bodies that oversee the adherence of corporate governance in businesses (Van den Heuvel, Gils & Voordeckers, 2006; Nordquist, Sharma & Chirico, 2014). Therefore, the responsibility for ensuring compliance with good corporate governance is entrusted to the board of directors. According to Nordquist, Sharma and Chirico (2014), the board of directors is a central governance body for the business and perhaps the frequently researched among all the corporate governance structures. They further indicated that three roles are central to the tasks performed by the board. These are strategic roles, monitoring roles and resource dependence roles (Bammens et al., 2010).

According to good corporate governance best practices, the board should be composed of both executive and independent directors. This has given credence to the topic of corporate governance in academic literature both in developed and developing market economies. Generally, empirical evidence on board of directors in family firms have yielded scanty and mixed results, as some of these studies attempted to investigate the effect of certain variables related to board structure on performance (Bhatt & Bhattacharya, 2017; Jackling, & Johl, 2009) composition of board of directors on performance (Cabrera-Suárez, Déniz-Déniz & Martín-Santana, 2014; Dalton & Dalton, 2011; Nicholson & Kiel, 2007). Review of empirical literature on board of directors in family firms proved that many previous studies in
family firms have utilized data obtained from publicly listed firms (Leung, Richardson, & Jaggi, 2014; Prabowo & Simpson, 2011; San Martin-Reyna & Duran-Encalada, 2012; Prencipe et al., 2014). Other studies on corporate governance around the world in the field of family businesses concerning the board of directors have focused on the composition, board size, and roles (control, planning, monitoring and advisory) (Anderson & Reeb, 2004; Van den Heuvel, et al., 2006; Jaskiewicz & Klein, 2006; Voordecke et al., 2007; Bammens et al, 2010; Prencipe & Bar-Yosef, 2010; Bettinelli, 2011; Sarbah, Xiao, 2015; Sarbah et al., 2016).

Anderson and Reeb (2004) examined board composition in balancing family influence in standard and poor 500 firms in the U.S.A. The study finds that firms with continued founding-family ownership had relatively few independent directors seeking to minimize outside directors representation on the board. However, performed significantly worse than non-family firms. On the contrary, outside shareholders sought for independent board representation. The study further revealed that moderate family board presence provides substantial benefits to the firm. Heuvel, et al (2006) conducted a survey in Belgium to determine board roles and assess the differences between the board’s performance and perceived importance. The study revealed that it is indispensable to differentiate between the board’s control and service when aggregated. Blumentritt, (2006) finds a direct and significant connection between the existence of a board of directors and strategic planning. However, the evidence indicates that the relationships reduced after controlling for CEO. The study also finds that there is a strong relationship between advisory boards and planning activities. The results imply that the board of directors and advisory boards have different relationships with planning in family businesses. Voordecke et al., (2007) demonstrate that family contingency related variables are by far more imperative that those CEO related control variables. This supports the notion that family characteristics and objectives are the reflections of the board composition in family firms. In China, Sarbah and Xiao (2015)
investigated whether corporate governance structure is a must for family businesses. The study establishes that takeovers and successions motivated family firms to have a corporate governance structure in place. The study also recommends to family firms to have formal governance structures established even though the informal governance structures seem to work well for them. The study further indicated that most family firms have thought governance structures to include the introduction of complicated and needless bureaucracy into their family businesses. Similarly, Sarbah et al. (2016) study establishes no significant effect of non-executive directors on the performance of unlisted family firms in Ghana. They explained that in most cases non-executive directors were dormant neglecting most of their responsibilities or roles they are expected to perform. The study reveals that the regularity of board meeting is determined by an emergency. Hence, the board only meets when there is a problem to resolve. Moreover, the study indicates that the founding-manager-CEOs and chair of the board make and ensure the implementation of all major decisions. The implication of their study is that despite the importance of non-executive directors in corporate governance, it has not realised its potential in unlisted family firms in Ghana. Cabrera-Suárez & Martín-Santana (2014) basing on the finding of Family Business Consulting Group (FBCG) establish that on the average the board size of a family firm should be six members, however, ranges from five to nine members. They also indicate that boards that are dominated by non-family members achieve greater performance. This is because the board consists of diverse people with the required qualification from the family as well as outside the family signifying the complementarity of experience, skills, and perspectives. Another study in India by Bhatt and Bhattacharya (2017) finds a negative relationship between family firm performance and board size. The study also contrasted prior studies by revealing no significant relationship between performance and family management as compared to professionally managed FOBs, a greater ratio of family ownership and board representation, as well as independent directors,
did not show any significant impact on the firm performance. This finding corresponds with Aboagye and Otieku (2010) study that finds no association between rural and community banks categories based on corporate governance plus and their categories based on financial performance.

Moreover, prior studies on board size show divergent and inconclusive evidence. For example, those studies that support the view that bigger boards and are less effective than less small board size (Emile, Ragab & Kyaw, 2014; Heenetigala, 2011; Mashayekhi & Bazaz, 2008; Kyereboah-Coleman, 2007). Their arguments are that some board members may free-ride on the effort of others; very difficult to coordinate; bigger boards suffer from the dispersion of obligations and aversive attitude towards risk-taking. On the contrary, supporters of bigger boards (e.g., Tornyeva & Wereko, 2012; Jackling & Johl, 2009) bigger board is likely to have a pool of skilled members with the requisite range of expertise to handle various decisions making agenda in the firm and as such better decisions are often taking and implemented; difficult for a powerful CEO to dominate the decision-making process.

Extant literature also shows mixed results on the presence of the proportion of executive and independent directors on the board. Supporters (e.g. Gordini, 2012; Khan & Awan, 2012; Fama & Jensen, 1983) for large number independent directors contend that large boards are very effective in checking the actions of management and are likely to remove nonperforming CEOs and this will reduce the issues of fraud in the organisation. This is consistent with the agency theory that holds that adequate monitoring mechanisms are crucial to guide the actions of the management thereby protecting the interest of the equity owners from conflict of interest on the part of management. On the other hand supporters (e.g., Rashid & Islam, 2013; Gabrielsson, 2007) of the presence of executive directors on the board indicate that executives are basically valuable assets to boards because of their skills,
expertise, their experience and firm-specific information, notwithstanding they can be influenced by their personal interest at the cost of the firm and equity owners; then again, non-executive directors give autonomous monitoring and enhances firm performance, be it that they may have a little amount of knowledge about the routine activities of firms contrasted with executives. There is evidence of capital influencing appointment of board members. For a family business to maintain or improve its position in the field, it needs a knowledgeable, skillful and experienced board of directors who can monitor the environment very well in order to perform their oversight functions efficiently and effectively (Sarbah & Xiao, 2014).

The literature review point to the fact the results are mixed and inconclusive with the nature of the board structure remaining obscure. This means still little has been written about the nature of board structure in family-owned businesses in terms of nature of the board structure, appointment of board members; frequency of meeting, minutes taking and distribution as the evidence in literature largely focused on data from publicly listed companies. This thesis addresses this gap by examining the nature of the board structure in family-owned businesses.

2.4 The Family Meeting Structure

In making reference to the International Financial Corporation (2008; 2011) the family meeting is an informal structure usually found at the founder(s) stage of the business where meetings and discussions are held on a more frequent basis. Hence, during this age of the business, informal meetings held on a regular basis create the avenue for the founder(s) to communicate family values, generate new ideas, and groom the next generation to take up the leadership positions in the business. Extant literature (e.g. Neubauer & Lank, 1998; Mustakallio, Autio, & Zahra, 2002; Nordquist, Sharma & Chirico, 2014) have also indicated
that family meeting is an informal get together that may occur more or less frequently depending on the age, size and generations involved in the firm, and the related ownership structure. It is evident in the literature (e.g. Nordquist, Sharma & Chirico, 2014), that family meeting is the simplest and most common the form of governance that helps busy families to stay connected and agile. According to Habbershon and Astrachan (1997) it is known that family councils and meetings can contribute remarkably to the effectiveness and continuity by educating family members. Typically, governance in the earlier stages of the founder is informal because it is governed by the founder and the children. Any endeavor to formalize relate mostly to the business itself. First attempts at written policies usually are brief documents that state a general family vision and mission with respect to the company. Evidence (e.g. Gilding, 2000) supporting the family meeting governance structure claimed that “organizing a family meeting can be a try to win back younger generation’s interest towards the business”. The membership of the family alone accrues some benefit to each of the members even if the members work elsewhere or have some businesses somewhere. On the contrary, Gilding (2000) remarked negative issues regarding family meeting governance structure: people often associate this structure features such as a waste of time, full of frustration, resistance to change, and only attended this gathering as a sign of respect and obedience.

2.5 Family Governing Council Structure

Björnberg and Nicholson (2012) recommended the creation of a family governance system for family firms which aim to remain in existence over several generations: investing in the functional family governance system is more than recommended. Jaffe and Lane (2004) indicate that a family council is needed when building a sustainable family dynasty stressing that family governance simplifies and brings consistency by fighting against potential conflicts and creating the foundation for efficient wealth transfer and financial success for the
family. In the view of Gnan, Montemerlo and Huse (2015), a family council can be explained as a family governance structure which consists of adult family members which both owners and non-owners can belong to. Contrary to the literature and common practices on the family council in the Ghanaian context, non-owner family members do not form part of the governing council, but rather non-family non-owners owners who are either experts or friends and people who are well known to the owners belong to the governing council. The family council also referred to as the family supervisory board which is governed either by informal structures (meetings are organized when it is needed) or formal structures (it has its own regulations to structure this institution) ways (International Finance Corporation (IFC) handbook of the family business, 2011). Nordqvist, Sharma and Chirico (2014) posit that the family council is a formal type of family meeting to discuss issues in relation to the governance of the family and its relationship to the firm. The report of the group further stated that the council is usually established once the family and the firm reach a critical size i.e. when the size exceeds thirty members. This means that the family supervisory board is established as a governance structure to help resolve the conflict of interest by bringing together different family member and goals under one central point through coordination. It is indicated in the International Finance Corporation (IFC) handbook of the family business, (2011) that members who constitute the family executive board should be a minimum of five and maximum of nine members (i.e. elected through family meeting taking into account qualification and availability). This is to say that having a manageable size of a family council is necessary family businesses with a large number of members and a different coalition of interest. However, Brenes, Madrigal and Requena (2011) remark on the challenges faced by FOBs to implement either a family or a business council to include the lack of leadership to start and develop these units among family members may complicate a lot as well. Sometimes building the common vision creates issues as well (Mustakallio et al.,
Lansberg (1988) summarises that a family council gives to the future leaders of the younger generation a chance to get to know each other as adults. An empirical evidence (e.g. Weiste, 2013) to examine the role of family governance and family supervisory board in Finnish family firms with four selected companies in Finland suggested that an efficient ownership structure in the country is the family ownership form of business organisations. Therefore, establishing a family governance structure is recommendable in order to secure the continuity for family firms that have many generations involved in the ownership. The study further revealed that successions fail in most family firms due to the lack of strategic planning. The result also corroborates with PWC (2016) Indian family business survey, which concludes that one of the major challenges faced by family firms in the world is succession planning. This calls for the need for an effective governance structure. Gnan et al., (2015) in a study examined the governance systems in family small and medium-sized enterprises in Italy by exploring whether family councils perform only their distinctive family governance role or if they also substitute for the roles performed by corporate governance control in Italy. The study finds that family council partially substitutes the shareholders’ meeting and the board of directors in playing their respective corporate governance roles of ownership and control. The observation from the empirical review indicates that prior studies in relation to the board of directors

2. 6 Family Ownership Structure and Involvement in Family-Owned Businesses

The basic element of a family business ownership is the family ownership. Therefore changes in ownership and ownership structure that result from the number of generations and families involved in the ownership or the extent of ownership concentration in a family business determine the governance structure needed (Nordqvist et al., 2014). Consequently, Sanchez-Ballesta and Garcia-Meca (2005) in Spain, reported that the board structure was affected by the extent of family involvement in the family business. Similar corroborating evidence by
De Oliveira et al. (2009) establishes that the involvement of the family in ownership for Brazilian family-owned businesses affected the governance structures required in these firms, as well as the succession planning and conflict management procedures required in both the family and business. This is also supported by another study by Gallego and Larrain (2012) who found that the concentration of family ownership affected CEO compensation in Argentina, Brasil, and Chile. This finding is also confirmed by Pinto and Leal (2013) who found that in Brazil lower family ownership concentration led to higher CEO compensation. In contrast, Sacristan-Navarro and Gomez-Anson (2009) concluded that the management governance structures used by family firms in Spain were not affected by the ownership structure. Cortés and Botero, (2016) also noted that the role of governance in the ownership system is to maintain equity for the owners. Hence, Gersick and Feliu (2014) noted that this can be achieved by putting in place governance systems that enable the shareholders to secure legal and accounting requirement, set risk and return parameters and tract data on the performance of their firms.

Further, Ikäheimonen (2014) indicated that the main reason for governance activities in family firms emanate from the issue of ownership or family control, as ownership being synonymously used to represent governance in a restricted sense. However, Gersick and Feliu (2014) postulate that governance is not only limited to the issue of ownership rights but also related to how ownership control is organised within the premises of family firms. This means that the governance systems or structures that a family firm chooses are a result of the nature of ownership or control in the firm. Consequently, Ikäheimonen (2014) noted that the goals and values of the family firm change when the nature of ownership changes. For example, when ownership becomes elongated and becomes more complex, it leads to corresponding goals and values being diversified (Ward, 1997; Vilaseca, 2002). Ownership development in family firms is perceived as complex to examine since it differs from
business to business and tends to get more diversified in an episodic and stepwise manner over time as the generation involved in the firm increases overtime (Nordqvist et al., 2014). Consistently, Lansberg (1999) argued that differences in family firms exist over time in terms of recycling business along the same ownership or moving forward to the next generation or going back to their root. The governance and incentive structures, legitimacy, norms of authority, found in a family firm are influenced by the choice of a particular ownership structure for a family firm (Sharma & Nordqvist, 2013). Therefore, governance mechanisms geared toward the maximization of prioritized goals in family firms largely depends on the ownership features entailed in the family firms. A prior study, Fahed-Sreih, (2008) study on new corporate governance facets of 116 small family firms in Lebanon recommended that for a family firm to be a going concern, by achieving a fairly good outcome of performance, ownership should be separated integrally from other corporate governance dimensions such as family, leadership or management and the business. The implication of this finding is that ownership and control and family involvement should be separate and distinct in order to maximize firm value for its owners.

Despite the recommendation, the evidence available in family firm publications (Gersick, Davis, Hampton, & Lansberg, 1997; Sacristan-Navarro & Gomez-Anson 2009; Bona-Sánchez, Pérez-Alemán, & Santana-Martín, 2011; Saito & Di Miceli, 2010) revealed that results on ownership structure in family firms are still mixed, fragmented and inconclusive. Hence, Weiste (2013) argues that despite the increased recognition and the importance of the family firms to the global economy their nature of ownership structure or control still remains obscure. For instance, previous studies that employed different lenses to examine the factors that influence the selection of ownership structures in a family firm include the following: In Spain, Sacristan-Navarro and Gomez-Anson (2009) examined whether families shape corporate structures. The study found that legal environment characteristics affect the
ownership structures adopted by family firms to maintain control. In corroborating with this result, Bona-Sánchez, et al. (2011) find that the presence of ownership policies to prevent hostile takeovers in family firms were related to the type of accounting reports that family firms provide. Similarly, Saito and Di Miceli (2010) reported that in the Brazilian context, legal characteristics affected ownership and voting rights in family firms.

Furthermore, studies (e.g., Fernandez & Nieto, 2006; Miralles-Marcelo et al., 2014) also examined the effects of family ownership on other facets or dimensions. For example, Fernandez and Nieto (2006) reported that family ownership was positively related to the export capacity of a business. This corroborates with Miralles-Marcelo et al. (2014) who disclosed that in both Portugal and Spain there was a direct relationship between family ownership and the accounting performance of family firms. Again, Sanchez-Ballesta and Garcia-Meca (2005) examined whether the concentration of ownership and the presence of ownership in the board affect evaluations of auditors in Spain. The result showed that board structure was affected by internal ownership and consequently affected the quality of financial information. Furthermore, Sacristan-Navarro et al. (2011) in substantiating the findings in Spain also contend that performances of family-owned businesses are independent of the ownership structures that are in family businesses governance. Evidence from Latin American context (e.g., Santiago-Castro & Brown, 2007) also points out that family ownership in Brasil, Chile and Mexico are geared toward the protection of the interest of minority shareholders. Saito and Di Miceli, (2010) also find a direct relationship between the price of shares with voting rights and family ownership in Brasil. Similarly, Espinoza Aguiló and Espinoza Aguiló, (2012) demonstrate that firm performance is positively related to family ownership. However, San Martin-Reyna and Durán Escalada (2012) find that family firms with lower ownership concentration perform better than their counterparts. Sáenz-Gonzalez and García-Meca, (2014) found that in Argentina, Brasil, Chile, and Mexico the
quality and transparency of financial information is inversely related to a high concentration of ownership in family firms. Additionally, evidence shows that some studies (e.g. Menendez-Alonso & Gómez-Anson, 2003; González et al., 2013, 2014, and 2015) have examined both business and ownership dimensions of family firms such as board size, family involvement in management and ownership simultaneously.

Gersick et al (1997) identified three basic forms of family business ownership. These are; controlling owner, sibling partnership, and cousin consortium (Nordqvist et al., 2014). In the controlling ownership form, ownership and control are entrusted in the care of a single family with one individual having the authority over the others to be the controlling owner with the legitimate right to guide the resource allocation and accountability decisions in the family firm (Carney 2005). Similarly, Lubatkin, Durand and Ling (2007) identified the parent-owner ownership structure to be the one in which ownership and managerial control are found within a single family and that an individual within the family unit is both the head and CEO of the firm makes most of the major decisions. In this case, the controlling owner takes on the role of a steward moving the enterprise from one generation to the next (e.g., Miller & Le-Breton Miller, 2005). Further, La porta (1999) indicates that parent-owner ownership structure constitutes the most dominant ownership form in many countries including the U.S. A. Turning on to the sibling partnership form; Nordqvist et al. (2014) indicate that siblings in this regard share the ownership of the firm. Thus, the involvement of the second generation in the business, consequently ownership and control is found within the nuclear family of the founding owners or the generations. In this case, ownership and control are determined by the size of the family, family guiding philosophy, culture and ideology (Sharma & Manikutty 2005; Ward 1987; Nordqvist et al., 2014). The other form is the cousin consortium form in which ownership is dispersed with many generations being involved in ownership (Magretta, 1998). At this stage, familial norms of equality and inequality are likely to evolve to cycle
back to the controlling owner stage in which non-blood relatives, for instance, in-laws and adopted family members may find their way in the ownership depending on the family boundaries and intergenerational norms (Santiago, 2011, Nordqvist et al., 2014). At this stage, many and dispersed may coexist where most inclusive and open family system is being practiced in this form of ownership. Consequently, this ownership structure influences the governance mechanisms needed to ensure fairness amongst all owners (Gersick & Feliu 2014).

Further, Nordqvist et al. (2014) expanded Gersick et al.’s. (1997) category of ownership structures into nine distinct forms indicating the specific governance structures required by each of the ownership structures. These are controlling owner-family operators- advisory board and family meetings; controlling owner-family supervisor-board of directors, top management team, and family meeting; controlling owner-family investor-board of directors, top management team, and family meeting; sibling partner-family operators-board of directors, shareholders assembly, family meetings; sibling partners-family supervisors-board of directors with independent directors, top management team, shareholders assembly, family council; cousin consortium-family operators board of directors, shareholders’ assembly, family council; cousin consortium-family supervisor-board of directors with independent directors, top management teams, shareholders assembly, family council; Cousin consortium-family investor-board of directors with independent directors, top management teams, shareholders assembly, family council or family constitution.

Alternatively, Steier et al. (2015) argue that extant family business studies have implicitly focused much on single businesses by examining the governance structures, strategies, culture, goals and objective as well as performance related issues of the family firms. They
demonstrate that as businesses flourish by accumulating assets internally, and externally, they tend to diversify their investment by entering into other related or unrelated businesses (Habbershon & Pistrui, 2002). For instance, a family business that operates in the agricultural sector may diversify its operations into manufacturing as the initial business expands and becomes more complex. Consequently, such a business begins to have a complex structure that makes the business to behave in a different manner than before (Michael-Tsabari et al., 2014). Elaborating on the work of Steier et al. (2015), family-owned businesses in this state, move away from being family business to business families. In this case, the business starts to organize its activities into group structure which has parent company at the top and the subsidiaries also operating at the bottom. Morck and Yeung (2003) indicated the group structure looks like a pyramid in economies with favorable tax treatments. The reason is that the family wealth is not concentrated in a single business, but in a diverse portfolio of businesses in order to reduce the effects of risks. Thus, the business value for future generation is no longer built around a single business but value creation through a constantly adapting portfolio of businesses and other investments.

Since business families forms of ownership structure have businesses operating in different institutional and industrial environments, the importance of context is heightened (Steier et al., 2015). This is because of the diversification of investments and goals through having multiple businesses require a unique governance structure to achieve the goals compared with what governance structure will be useful for the single business enterprise. Moreover, the heterogeneity of enterprises in a business family would have added complexity in the form of the goals, strategy, and structure the family sets for each business (Steier et al., 2015). There would no longer be one set of inside and outside stakeholders for the family enterprise.

Again, a study by Pieper, Smith, Kudlats and Astrachan (2015) on companies managed and owned by multiple families revealed that multiple family firms are relatively less common
and more complex than their counterparts, which are owned and managed by a single family. They also emphasized on the limited knowledge of understanding multiple family businesses as prior studies have given little attention to studying these forms of family business ownership structures, hence, was lacking in the literature. However, their study reveals that successful multiple family businesses were, as a result, the development of simple rules concerning executive team formation based on competence fit, and the structure of decision-making boundaries within the firm with regard to voting, ownership, and management, hence, persistent multiple family-owned businesses are characterized by shared monitoring based on open communications and transparent decisions. Somewhat surprisingly, Pieper et al. (2015) discover that governance rules and processes at the early stage of development of these families firms were imprinted and stamped by founders. Contrary to this, they find one of their sampled firms that had difficulty in maintaining the family firm to have relied on complex rules, outsiders and members with overlapping skills and responsibilities. However, this governance structure was apparently identified to have raised conflict and confusion amongst the families’ involved (Steier et al., 2015). This is consistent with Villalonga and Amit, (2006) who indicated that an agency problem is also known as “Type II” agency problem or ‘principal–principal’ agency problem. Thus, the conflict exists between controlling family members’ executives and other owners. The central idea behind the Type II” agency problem is that dominant and influential member of the family are into ownership and at the same time management are able to utilize their positions to maximize their selfish gains or interests at the detriment of other owners who are absent from management but present in ownership.

Suehiro and Wailerdsak (2002) classified Thai family businesses after the crisis into four distinct groups on the basis of; the degree of business diversification, the development of
managerial hierarchies and the use of professional managers. The following are the categories:

Another form of FOBs is the closed family business. In this form of family business ownership, the control and ownership are entwined by a single group of with almost all the key management positions within the organization filled with founders and key family members such as sons, daughters, husbands and wives. It is hard to recruit employees in this regard from outside and that family ties enforced through sharing ownership with other families when it intends to expand. The next category is a specialised family business which specializes in some specific industries such as agri-business, manufacturing, trading of textiles, machinery, construction, chemicals, healthcare, entertainment and consumer good rather than diversifying into other kinds of businesses. In this regard, the business continuously formalizes its managerial structure in collaboration with professional managers. Another category is the authoritarian family conglomerates. In this type of ownership, business activities are widely expanded and diversified into different sectors and countries, however, strategic management positions are still reserved for founders, family members and relatives. Autocratic leadership style forms the basis for managing these firms where the president/CEO and or the chairman make all decisions and strategies to be followed. Finally, modern family conglomerate-in this form control and ownership still remains with founders and the family, but recruit other professionals managers into key positions their boards, and base hiring and promotion on merit (Wailerdsak & Suehiro, 2002).

2.7 The Role of the Family in Family Businesses Governance

The building of trust and consensus among family members, management, and board of directors and other stakeholders of the family firm is one of the roles that the family performs in governance. Lansberg (1999) identified trust among the members of the family and
management as an important factor in family business success (Mustakallio et al., 2002). Hence, the absence of trust within the family and business breaks down cooperation and coordination amongst actors of the family firm leading to diversified goals and conflict (Cosier & Harvey, 1998). Consequently, the family which is recognised as primary the transmitter of actions and perception at childhood (Bourdieu, 1977) and strategic decision maker resolves the conflict by building trust, developing cooperative decision styles, evoking humor and maintaining equity among members (Eisenhardt & Zbarachi, 1992). Gilding (2000) noted that through family structures such as family, meeting and family collective encounters can be achieved which ensures shared visions and beliefs (IFC, 2011), thereby restoring trust and communication inside the family which extends to the family business (Habbershon & Astrachan, 1997). Consistent with the social capital and relational theories, Weiste (2013) established that trust and quality of relationships are the basic building blocks for firm governance and success. This is also in line with Bourdieu (1986) social capital consisting networks of relations and social ties among members which trust, respect and friendship play an integral part. Consequently, Lee (2006) remarked, that aside from the family supporting the business financially, it needs to execute the role of ensuring that business and family relationships are sustained (Mustakallio et al. 2002). As noted by Weiste (2013), an intelligent owner-family finds ways to cherish and strengthen trust, satisfaction and harmony between family members. Thus, through family meetings family’s purpose, mission and values are defined supports long-term family business growth and builds community in the family. Steier (2001) in support indicated that the first element to be considered when designing the appropriate governance structure for family firms is trust. This claim is strongly supported by Ward (2003) who emphasized that the adverse for family business governance is lack of mutual trust and consensus amongst board members, managers and owners of the family firm. Thus, the family promotes frequent and functional
communication, interactions, resolves controversies among family, business and board to build trust and cohesion within and outside members. Sarbah and Xiao (2014) confirm that links based on the trust relationship reduce the cost of running a business due to its ability to lower cost of supervision, monitoring, and protect owners against opportunist behavior.

Eddleston and Morgan (2014); Memili et al. (2015) indicate that lack of trust and different levels of commitment may impact negatively on the performance of a family firm because it breeds conflict and hinders knowledge transfer (Anderson, Johansson, Karlsson & Lodefalk, 2017). On the contrary, Bolino, Turnley, and Bloodgood (2002) indicated that obedience may encourage trust among employees, but in some cases, the same behaviour may lead to group-think, which is not always optimal for organisational decision-making (Subramaniam, et al., 2013).

Another role performed by the family in family business governance is capacity building and human capital development. The GTZ-FRC (2005) indicates that “capacity building is a core method to achieve the overall goal of sustainable development because governance is a multi-faceted concept that comprises of all aspects of the exercise of authority through formal and informal institutions in the management of the resource endowment of the state”. This means a broad set of interventions that promote the development of competent responsive and accountable governance institutions for effective decision making, transparency and accountability and all-inclusiveness is required (GTZ-FRC, 2005). Consistently, IFC (2011) indicates that through education, mentoring and coaching programmes, the family nurtures the human capital to effectively collaborate the task of governance in their firms. For instance, organising accounting seminars for family members to read and comprehend the financial statements of the company. This is also supported by a study in Ghana by Aboagye and Otieku (2010) who recommended in their study that rural and community banks (RCBs) should pay the necessary attention to have the competencies of their board members and
senior management developed as a mechanism of achieving good corporate governance in rural and community banks. IFC (2011) indicated that the family can contribute to the development of its human capital through continuous training, education, coaching, mentoring, and special projects, assignments and job rotation. The capacity building role of the family in educating the members to get knowledge and expertise either formal or informal is in line with Bourdieu’s’ concept of cultural capital and habitus. Thus, knowledge, skills, experience and expertise acquired through the family socialisation or school system can help the family businesses practice a good system of governance through shared vision, exchange of knowledge and information. This is also strongly supported by Nahapiet and Ghoshal’s (1998) cognitive dimension of social capital which holds that “shared language affects the conditions for the combination and exchange of intellectual capitals by gaining access to people and their information, providing common frame of reference to identity and enhancing combination capability where parties with different overlapping knowledge are able to combine and share information” (Subramaniam, et al., 2013). Lancaster and Lewis (2008) highlight that shared narrative in the form of myths, stories, and metaphors are critical to creating, exchanging and preserving a set of rich meaning coordination and decision making.

The family also executes a symbolic corporate social responsibility role in business governance. Studies (e.g. Berrone et al., 2010; Block, 2010) have argued that family businesses do not only pursue financial goal, non-financial goals such as pride, recognition, social status, preservation of a positive family image and reputation in the community is also pursued by family businesses (Block & Wagner, 2014). Zellweger, Nason, Nordqvist and Brush (2013) argue that congruence of identity fit and families and firms can cause family firms to care about their corporate reputations and to pursue goals that benefit various stakeholders outside of the families. Families that are proud of their firms and intend to be perceived with a positive image in the general public tend to protect their reputation through
the avoidance of actions that damage reputation and address stakeholders demand (Block & Wagner, 2014). Family firms that aim to achieve legitimacy (Pfeffer & Salancik, 1978) are concerned with addressing stakeholders (employees, unions, suppliers, customers and the general public) need. The family that seeks to protect the family and business image tend to recognize CSR as its role in governance. The various activities of CSR that the family executes range from economic to philanthropic (Carrol, 1991). Lichtenstein, Badu, Owusu-Manu, Edwards and Holt (2013) also identified three distinct typologies of project CSR in the Ghanaian construction industry. These are social, infrastructure and environmental CSR; however, the result found that Ghanaian firms are found more aligned to social/intangible CSR projects than tangible ones. Studies (e.g. Viswanathan & Rosa, 2010; Weidner et al., 2010) demonstrate that families can appropriate more reputational gains by supporting local communities directly than by addressing the demands of local communities through their firms by giving charity, donations to local institutions, subsistence markets and housing support). The economic CSR includes; maximization of shareholders wealth, profit generation, high quality and low cost (Carrol) jobs and products (Galbreath, 2010) price fairness and product quality (Onlaor & Rotchanakitumnuai, 2010). Legal CSR includes; laws and regulations, law-abiding corporate citizen, fulfilling a legal obligation, and goods and services must meet the minimal legal requirement (Carroll, 1991). Ethics CSR includes; societal mores, norms, corporate citizenship, ethical standards beyond legal CSR (Carroll, 1991). Philanthropic CSR includes voluntary charitable activities organized by the community and assistance provided by the organisation to the projects that enhance “quality life” (Carroll, 1991). Galbreath, (2010) finds that CSR activities provide visible signals from which stakeholders infer various positive characteristics of firms, thus creating an avenue to increase overall firm reputation.
The family also fosters transgenerational orientation. Suess-Reyes’s (2016) argues that one of the most significant problems that family businesses face the development of transgenerational orientation both in management and ownership. This is evidence in the lower survival of family business across generations (PWC, 2012; 2016). Suess-Reyes (2016) study provides insight into this corporate governance challenge in family firms. The study revealed that transgenerational orientation is directly related to the presence of family business governance measures, and the business family identity. This means that the establishment of family governance structures and mechanisms speeds up communication inside the family business and heightens members emotional investment in the business which strengthens the transgenerational orientation in the business. Prior studies indicate that one of the major issues faced by the family business is succession and succession planning (Sharma, Chrisman & Chua, 2012; Suess, 2013; Heenetigala et al., 2015). Therefore, the family through the family council plays an important role in family governance by devising a succession plan, selecting the most qualified and appropriate successor and preparing his or her for the takeover and ownership (Suess, 2013). A study by Chittoor and Das (2007) revealed that family council lessens succession by providing the next generation with the avenue to grow, represent the family values and interest in the management without business interference.

The family establishing the appropriate tone at the top is a key role performed by the family in governance. Since most of the key positions (CEO, Top management, and board) in the family businesses are occupied by the family members. Lipton, Wachell, and Katz (2014) posit that setting the right “tone at the top” of the corporation is essential for ensuring that the board functions effectively and is able to meet all of its responsibilities. Thus, having the tone set by the top management shapes the organizational culture and permeates relations between the family firms and stakeholders such as investors, employees, customers, suppliers,
regulators, local communities and other constituents. This confirms the finding of Subramaniam et al. (2013) and consistent with a relational dimension of Nahaphiet and Ghosal (1998) which revealed that building and strengthening governance depends on having a strong leadership structure that is critical in getting the right tone at the top as well as building connection through knowledge and trust. Also, a report issued by the U.K. Financial Reporting Council (2016) on Corporate Culture and the Role of Boards indicated that the board of directors with the CEO and the management team should actively cultivate a corporate culture that gives high priority to ethical standards, principles of fair dealing, professionalism, and integrity, full compliance with legal requirements, ethically sound strategic goals and long-term sustainable value creation. The management and board should work hand in hand to commit time and other resources that formulate and implement an organizational culture that promotes an enabling environment in which the corporate strategy and the day to day business functions and activities place emphasis on risk awareness and adjustment decisions. The management and the board should consider effective risk management as a critical component of the organizational function and should not be seen as a distinct specialized function or consider it as an obstacle to the corporate success. Lipton et al. (2014) emphasised that in setting the right tone, management and the board should ensure that transparency, consistent and communication with respect the visions of the corporations are well communicated to the stakeholders, especially investors. Again, Lipton et al. (2014) indicate that the board in collaboration with the CEO should determine the information needed by the board and should be reassessed periodically. This will reduce the communication gap and the information need of the various stakeholders. The critical issue here in setting the appropriate tone of governance provides relevant, timely and reliable information to the board and back to the management without burdening each other with overloaded information. Also, information concerning financial and operating activities,
security analyst report, and other relevant media reports and articles should be presented to the board on timely basis. It is therefore the responsibility of the board to promote clear lines of communications that promote quick, open, transparent and frank interactions and discussions with the senior ranking members of the family firms.
CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter is devoted to describing the method used in conducting the study. The study seeks to offer a picture of understanding the governance systems in family-owned businesses in Ghana. Therefore, this section describes the process and method of getting relevant information to achieve the overall purpose of the study. The structure of the chapter is as follows: research philosophy, research design, research strategy, sample size and sampling techniques, data collection instruments and procedures, ethical consideration, data analysis and interpretation, and theoretical lens.

3.1 Research Philosophy

The researcher’s fundamental belief and values as to how governance systems in family-owned businesses in the world are viewed; the nature of knowledge construction and the views of the actors involved in the family business governance informed the methodological choice in this study (Saunders et al., 2009). In line with the fundamental aims of understanding the nature of governance structures, the role of the family in family business governance as well as the nature of ownership structures of family-owned businesses, the researcher adopted the subjectivist assumption particularly the interpretive philosophy, which then served as the basis for thinking that aided the execution of the whole research work (Jonker & Pennink 2010). This philosophy was chosen following Nordqvist, Hall and Melin (2009) who argue that family businesses are characteristically unique; hence they can be investigated better and understood through an interpretive approach, rather than through quantitative survey research. This philosophy was appropriate in this study because the research objectives sought to have a comprehensive understanding of context-specific
governance issues to generate new insight regarding family business governance. Consequently, what constitutes the governance structures, the roles of the family in governance as well as the nature of ownership structures of family businesses depend on the subjective meanings, knowledge possessed and interpretations that is socially constructed by the CEOs and founders, owners, general and managing directors, board members and administrators who are involved in the family business (Saunders et al., 2009). This means that social reality and meaning are the products of mutual understandings, practices and the interactions the research subject has with the world, hence are constructed, and not externally given (Schwandt, 2000; Grove, Susan & Gray, 2014). Furthermore, the choice was plausible because historical, contextual and sociocultural factors coupled with one’s position of preference are critical in understanding governance systems in family businesses due to the lack of comprehensive policies for governing family-owned businesses in Ghana. Consequently, the researcher’s insight into reality is based on the subjectivist viewpoint and accordingly, underpinned by interpretivist epistemology.

3.2 Research Design

Consistent with the study’s interpretivist epistemology, qualitative research design was adopted to solicit for participants’ responses as far as the research phenomena under consideration are concerned. This research design was appropriate for the study because the researcher sought to examine the governance systems in FOBs in terms of the meanings, experiences and understanding of CEOs and founders, owners, general and managing directors, board members and administrators who are involved in the family business with respect to family business governance (Saunders et al., 2009; Saunders & Lewis, 2012; Creswell, 2012). Moreover, the study sought to examine the nature of governance structures, the roles of the family in governance as well as the nature of ownership structures of family businesses by building a complex holistic picture and analysing words to provide detailed
information on the views of actors who have experiences in family businesses management (Denzin & Lincoln, 2005). Therefore, the qualitative design offered the researcher the opportunity to get closer to the respondents and or informants at their business premises or offices to interview them in order to obtain data to interpret the governance practices in family-owned businesses in Ghana and find out the answer for achieving the objectives of this particular study. This design also helped the researcher in the development of the research title and instruments for data collection since the qualitative approach provides the room for changes to be made to the interview questions as well as the topic as the study progresses (Yin, 2017; Saunders et al., 2012). For instance, the initial topic area was the role and status of a board chair in a family-owned business. However, after the first pilot interview, the researcher realised that nothing new was coming out aside what is already known in the literature. The initial analysis of the preliminary pilot interview responses were pointing evidence of governance practices, hence the topic was changed to governance systems in Ghanaian family. Also, after the second pilot study, changes were made to the interview guide to incorporate questions like whether minutes were taken and distributed, qualifications of the CEOs of the family firms.

3.3 Research Strategy

Relying on the interpretivist epistemology and qualitative research design, four research strategies can be identified, which include; phenomenology, ethnography, grounded theory and case study (Myers, 1997). The case study strategy was adopted to understand the systems and governance practices in Ghanaian family-owned businesses (Starman, 2013). Specifically, multiple cases were selected for the study. The justification for the choice of multiple cases is that it allows the replication of logic in which each of the family business cases was viewed as a separate experiment which either confirms or does not confirm the theoretical background and the new emerging insights (Chirico & Salvato, 2008; Leppäaho,
Plakoyiannaki, & Dimitratos, 2016) in order to draw robust conclusions for family-owned business corporate governance systems. Consequently, there was the need to sample family businesses across different fields either regulated or unregulated fields to understand the governance systems in family-owned firms by triangulating the data sources. The qualitative strategy allowed the researcher to use interviews and other publicly available documents such as FOBs handbooks, publications and websites information, Banks and Specialised Deposit Act 2016 (930); Company’s Code 1963 (Act, 179) and scriptures (Bible and Quran) to collect data, confirm, affirm and reaffirm the field data. The organizational participants and informants who had rich experiences in this regard helped. This is consistent with Simons (2009), Flyvbjer (2011) and Thomas (2011) who argue that case study involves an in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, programme or system in a real life. This means that experiences of the participants are shaped in the context of their position as CEOs, owners, founders, managers, board members, administrator, and the organization which may be difficult to understand if it is removed from that context.

3.4 Selection of Cases and Research Participants

The study covered only governance issues related to family businesses owned by Ghanaians which were labeled with pseudonyms of alphabet ranging from FOB “A” to FOB “O”. The criteria for cases selection were based on the ability of the case to maximize the understanding of governance systems in Ghanaian family-owned businesses (Stake, 2005). Therefore, the selection criteria are spelled out as follows:

First, it should be owned by Ghanaians from a particular family lineage. Second, it should have been transferred from one generation to another generation or there should be succession intention to transfer to the next generation. Third, it should have active
management (formal or informal), or board of directors if possible. Fourth, the respondents in these organisations should be well experienced in family businesses governance for about not less than four years. Finally, the respondents or informants in the organizations should easily be identified and willing to take part in the study; the organizational setting should be unique and hospitable to allow the researcher to ask all the relevant questions to get rich data to achieve the aim of the study.

3.5 Sample Size and Sampling Strategy

The study was based on evidence obtained from 15 FOBs in Ghana. The justification for this sample size is that after the 8th FOBs and the 11th interviewee, the researcher realised that all the objectives that were set for the study were achieved, and that to the best of his knowledge the key governance issues and results, as far as this study is concerned were brought to bear in the analysis of the data. Therefore, moving forward, the responses that were emerging in the subsequent interviews were confirming the evidence that was already established in the previous interviews conducted with the first eleven respondents from the first eight family businesses. This means that the saturation point was attained by the 11th respondent when the subsequent interviewees started to repeat each other’s answers. This is consistent with Alasuutari (2011) and Creswell (2005) who suggest that a certain kind of material has reached the point of saturation where new information does not arise anymore. For example, respondents from FOBs B, E, F, G, H provided answers that confirmed the existence of the tacit social board structure, whereas respondents from A, C, D, I confirmed the existence of the single-tier board structure. Also, pioneers in the field of qualitative research (e.g. Walsham, 1993; Yin, 2003) have acknowledged that there is no generally acceptable number of cases for a qualitative and a case study research; it could be a single or multiple cases. Thus, Alasuutari (2011) acknowledged that in a qualitative study, a large number of samples are not necessary. The rationale behind this idea is that the validity of a case has more to do
with the “plausibility and cogency of the logical reasoning” (Walsham, 1993, p. 15) and less with the number of cases. In line with this, the researcher sought to use a sample size that will unravel the meaning of governance systems in Ghanaian family-owned business, rather than looking for many cases that were not richer and detailed to unveil the governance issues in question. According to Tuomi and Sarajärvi (2009), in a qualitative study, it is necessary to select relevant cases and respondents who are knowledgeable and experienced in the subject matter in order to establish a better understanding of the phenomenon. Consistent with Tuomi and Sarajärvi (2009), De Vaus (2001) who complement that the validity of case studies can be enhanced through the strategic selection of cases rather than their numbers. Consistent with Creswell (2005: 207) who posits that choosing a large number of interviewees will result in superficial perspectives. Thus, the overall ability of a researcher to provide an in-depth picture declines with a unit increase in the number of participants or cases. Moreover, the interviewees are given the opportunity to express themselves which may result in a massive amount of data when large sample sizes are used. This may be difficult to analyse in the situation where respondents provide different responses. Therefore, a smaller number was required to facilitate the transcription, coding and analysis of the data obtained within the duration of the study.

The purposive sampling method was used in selecting the Ghanaian family-owned businesses and the study participants. The justification was to deliberately select only Ghanaian family businesses with experienced members (CEOs, Owners, Managers, Administrators and Board members) who have practical knowledge in family business governance and can provide the necessary responses to the interview questions as well as illuminative data that are true manifestations of governance systems in Ghanaian family-owned businesses (Boateng, 2014, p. 137). Also, the researcher purposively selected family businesses from diverse and different fields of operations such as education, banking,
agriculture, trading, healthcare, construction, and media and communication. This is consistent with Saunders et al. (2009) who allude to the fact that heterogeneous sample such as the sample of this study is very useful in a study of this kind which aims at developing key themes to open up the complexity of governances systems in the field of family businesses in Ghana. The purposive sampling method followed the following process: the researcher checked for the names of the companies or enterprises which fall within micro, small and medium scale enterprises (MSMEs) as well as conglomerates or multinationals using words such as family, and sons or daughters attached to the name of the company, checked the background or profiles of companies, and sometimes relying on information provided by informants concerning the ownership and contacting the companies personally after the necessary checks have been done to confirm whether they are Ghanaian family owned. The researcher also confirmed through personal contacts with the companies to find out whether they have passed from generation to generation or the succession intention is incorporated in the values of the businesses. The researcher found out whether there is an active management (formal or informal), or board of directors with a minimum of four years practical working experience in the business governance and willing to participate in the study. Moreover, referrals from informants were also useful in getting the FOBs and their respondents to participate in the study. In this case, people who knew organisations and respondents who to the best of their knowledge were experienced and knowledgeable about governance issues in family businesses recommended that these experts and their companies should be contacted. For example, after the interview with a respondent from FOB A, he recommended to me another company he knew was a Ghanaian family owned, and one of my supervisors also recommended to me a bank that he knew was a Ghanaian family owned bank. All these recommendations from these informants were relevant in getting me some of the sampled companies.
3.6 Data Collection in Practice

In all, a total number of twenty (20) interviews were conducted with respondents at their premises or offices across fifteen (15) FOBs in Ghana between November 2017 and June 2018. Six of these interviews were conducted over the phone call because these respondents had busy schedules when the researcher visited their offices for the scheduled interviews; as such, they took the researcher’s contact and called him at their convenient time for the interview to kick off. The interviews were conducted with CEOs and founders, Owners, General Managers, Managing directors, Accountant, Storekeeper, Branch manager and administrators who are directly involved in the ownership, management, control and direction of the family-owned businesses. Averagely, the interviews lasted between 30 minutes to 1.25 hours. The justification for the choice of interviews was that family businesses in Ghana are mostly dominated by unlisted and small and medium-size companies. Due to the private and proprietary nature of these companies, data gathering tends to be relatively problematic because they lack general archival database and general corporate data that are publicly available (Prencipe et al., 2014, Andersson et al., 2017). Another justification is that understanding of governance systems in family businesses literature is limited (Andersson et al., 2017), with most of them being in the category of SMEs which are unlisted (Sarbah et al., 2016) and that do not have a readily available database. Therefore, interviews served the right method that fits the Ghanaian context to unveil the issues by getting closer to the respondents to interact with them one on one basis to get their opinions on the subject matter. Semi-structured interviews were appropriate for the study because it allowed the researcher to use pre-formulated questions as well probing questions to elucidate and add insights as and when the interviews and the study proceeded (Saunders et al., 2009; Myers 2009). Warm-up questions were used to let the respondents talk about the sector and governance in the area of business operation, their role and in governance. On the basis of these responses to the
researcher followed with lead questions and also confronted them with very specific questions they spoke about, and guided the interaction elsewhere again in order to get a mixture and good balance between open questions and those that were derived from fore-understandings that are rooted in existing literature. By not sticking to a completely thought through set of questions enabled the discovery of previously unknown facets and connections. For example, the tacit social structure and the traditional and religious sources of drawing inspirations for rules and regulations emerged from the probing questions. Some of the interviews were audio recorded and handwritten simultaneously in order to get the verbatim responses and cross-check them against the handwritten ones. This was to enable the researcher to playback the voices and check against the field notes. More also, due to poor recording systems and factors beyond the researcher control emanating from the participants and their organizations, seven of the interviews were handwritten as the respondents refuse to grant the permission for their voices to be recorded. The recorded audios were transcribed immediately and were sent to the respondents to confirm as to whether what has been transcribed were the very responses they gave. However, many of them were reluctant to reply with the exception of only three respondents who were able to reply to me. The interview guide comprised of two main parts; the first part consisted of the demographics; industry sector, designation and experience of the respondents in family business governance. The other part covered issues regarding governance structures, the role of the family in governance and the nature of ownership structures in family firms. The table below summarizes the background information of the organisations and respondents of the study.
Table 1: Background of the Selected Family-Owned Businesses (FOBs) and Respondents

<table>
<thead>
<tr>
<th>FOB</th>
<th>Designation of Respondent</th>
<th>Years of Experience (Years)</th>
<th>Length of Interview</th>
<th>Business Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Administrator</td>
<td>A</td>
<td>12</td>
<td>45 minutes</td>
</tr>
<tr>
<td></td>
<td>Board Member</td>
<td>A</td>
<td>6</td>
<td>30 minutes</td>
</tr>
<tr>
<td>B</td>
<td>Storekeeper</td>
<td>B</td>
<td>17</td>
<td>1.12 hrs</td>
</tr>
<tr>
<td>C</td>
<td>CEO and Founder</td>
<td>C</td>
<td>20</td>
<td>1.25 hrs</td>
</tr>
<tr>
<td></td>
<td>Registrar</td>
<td>C</td>
<td>13</td>
<td>1 hr</td>
</tr>
<tr>
<td>D</td>
<td>Managing-Director</td>
<td>D</td>
<td>10</td>
<td>45 minutes</td>
</tr>
<tr>
<td></td>
<td>Board Chairperson</td>
<td>D</td>
<td>7</td>
<td>30 minutes</td>
</tr>
<tr>
<td>E</td>
<td>Administrator</td>
<td>E</td>
<td>19</td>
<td>48 minutes</td>
</tr>
<tr>
<td>F</td>
<td>Manager</td>
<td>F</td>
<td>11</td>
<td>1.23 hrs</td>
</tr>
<tr>
<td>G</td>
<td>CEO and Founder</td>
<td>G</td>
<td>35</td>
<td>1 hr</td>
</tr>
<tr>
<td></td>
<td>Farming and Agriculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&amp; Trading</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>CEO and Founder</td>
<td>H</td>
<td>24</td>
<td>54 minutes</td>
</tr>
<tr>
<td>I</td>
<td>President-Founder</td>
<td>I</td>
<td>28</td>
<td>40 minutes</td>
</tr>
<tr>
<td></td>
<td>Board Member</td>
<td>I</td>
<td>6</td>
<td>35 minutes</td>
</tr>
<tr>
<td>J</td>
<td>Board Chairman</td>
<td>J</td>
<td>4</td>
<td>30 minutes</td>
</tr>
<tr>
<td></td>
<td>Administrator</td>
<td>J</td>
<td>12</td>
<td>45 minutes</td>
</tr>
<tr>
<td>K</td>
<td>CEO and Founder</td>
<td>K</td>
<td>21</td>
<td>56 minutes</td>
</tr>
<tr>
<td>L</td>
<td>Accountant</td>
<td>L</td>
<td>5</td>
<td>48 minutes</td>
</tr>
<tr>
<td>M</td>
<td>Branch Manager</td>
<td>M</td>
<td>7</td>
<td>45 minutes</td>
</tr>
<tr>
<td>N</td>
<td>Owner</td>
<td>N</td>
<td>14</td>
<td>32 minutes</td>
</tr>
<tr>
<td>O</td>
<td>CEO and Managing director</td>
<td>O</td>
<td>6</td>
<td>42 minutes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The table above contains the background information of the companies and respondents selected from the field of family-owned businesses in Ghana. It can be observed that fifteen (15) family-owned companies represented with alphabets as pseudonyms starting from “A” to “O” were selected for the study. The result also indicates that the respondents selected from the various companies for the interviews had a minimum of four (4) and a maximum of
thirty-five (35) years working experience respectively. This is a clear indication that the respondents had much experience in family business governance and that could provide responses, opinions or views that reflect the actual or potential governance issues in their respective family firms. The results also indicate that twenty (20) interviews were conducted with CEO and founders, president and founder, general managers, managing directors, board members and administrators and accountants in the fifteen (15) selected family businesses in Ghana. The table reveals that the interviews lasted for about a minimum of 30 minutes and a maximum of 1.25 hours. The companies were sampled from agriculture, trading, artisan, education, construction, health care and the banking, hospitality and real estate sectors in Ghana. However, it was evident that one family business may be operating in more than one business sector in the economy.

3.7 Data Analysis Framework

The interviews used for data collection produced purely qualitative data. The data collection and the analysis were done simultaneously (Milles & Hubermanan, 1994). Details of the analysis are given below. The audio recordings made after each interview was transcribed and reviewed many times and meanings were derived from it after considerable reflections on the data obtained from the interviews and the document used to collect the data. This was possible because the extraction of meanings for qualitative data derived from interviews and publicly available documents do not follow any laid down format (Dilley, 2004). In this case the researcher did a careful analysis of the interviews, documents, and reflections on the information obtained during the interaction process between the researcher and the participants, and converting the recorded audio tape into text (Creswell, 2008) in order to understand the governance systems of a family-owned business in Ghana to draw on the dynamics of discourse. Intensive and repeated readings were done in order to familiarize with those data obtained in relation to the governance structures, the role of the family in
governance as well as the nature of ownership structure (Marshall & Rossman, 2006). Also, following Milles and Hubermanan’s (1994) qualitative data reduction, condensation, data display drawing and verifying, themes emerged from the reflections. Consistent with Rubbin and Rubin (2012), selecting, sorting and processing of information were done to obtain the major themes. The coding of the transcribed data was executed to extract the implied as well as the explicit meanings depending on the context and content of the text. The open coding was done to the interviewed data to derive the various categories in relations to the research objectives. For example, the first category was on the nature of governance structures in Ghanaian family-owned businesses. This objective sought to understand what corporate governance structures are evident in FOBs as well as to know how and why various decision making bodies established in family firms. The second category also opened up the floor to understand the role of the family in governance regarding family-owned businesses in Ghana. This dealt with themes relating to what they do, how and why they do what they did in governance. The third category was on the nature of ownership structures in Ghanaian family-owned businesses. Following the open codes, the axial coding was also done to identify the sub-themes under the main themes that were initially identified. The common themes from the literature and purposeful data and continuous interaction with participants were grouped under themes (Creswell & Creswell, 2005). For example, themes like the tacit social structure, single tier board structure, family meetings, traditional and spiritual sources of family corporate governance rules and regulations as well as statutory, regulatory and institutional sources of family corporate governance rules and regulations were identified as governing structures in the family firm. Likewise other categories, for instance; the roles of the family in family business governance included consensus and trust building, capacity building, symbolic corporate social responsibility as well as tone set by top management. For example, parent-ownership or closed family business and authoritarian conglomerate
business family ownership structures were some of the sub-themes identified under the nature of the ownership structure category. Afterward, selective quotes were crafted from the transcribed data or the text to highlight on the sub-themes. Finally collated and quotations were crafted from the literature review to match or agree with the empirical findings from the interviews. The quotations, evidence, explanations and commentary were used to clarify the meanings or evidence crafted to readers to understand the why and how of the way and manner family businesses are governed the way and manner they are done (Rubbin & Rubin, 2012). Finally, memoing was done to find a link with themes obtained and theory and previous literature. The link was either confirmatory or contradictory (Punch & Oancea, 2014). This is consistent with Creswell (2009) and Miles and Huberman (1994) for searching for similarities and differences.

3.8 Ethical Issues

There are ethical issues in every research work that has direct contact with human beings. In view of this, the researcher sought ethical clearance. The processes followed to address the ethical issues are as follows: eleven (11) copies each of the following documents were submitted to ISSER Ethics Committee for Humanities of the University of Ghana, Legon, for vetting: two introductory letters (one signed by the Head of Department and the other also signed by one of my supervisors) obtained from the Department of Accounting, University of Ghana Business School; a research proposal; a cover letter; a new protocol submission form; a protocol consent form; a sample of interview guide; and a curriculum vitae were submitted in both hard and soft copies to the Committee. In the actual data collection, the introductory letters were sent to the organisations and the respondents with verbal explanations to clarify the targeted respondents. Before approval could be received, a number of follow-ups to the premises of the organisations were done. Some of the organisations demanded a sample of the interview guide for a careful consideration prior to signing the
consent form. Fortunately for the researcher, all the respondents could read and write so no one vouched or signed the consent form behalf of another. The purpose and the objectives of the study were communicated to the research participants before the scheduled date and time for the interviews. A brief explanation of confidentiality and anonymity was given to the research participants in relation to the responses they provide. Noting that, the data were going to be analysed in aggregate form without making any specific reference to the actual name of any particular individual or company. Thus; pseudonyms were used to identify the respondents and companies and the responses were purely for academic purpose and no other third person shall be made aware of it and, that participation in the research was voluntary. The interview participants were involved only after informed consent was obtained (Gall et al., 2007). Finally, all other sources of relevant literature and documents used were fully acknowledged to avoid plagiarism.

3.9 Theoretical Lens

Marshall and Rossman (2006) argue that the nature of semi-structured interviews might raise concern about the reliability of the data, as they show the reality at a certain time when they were collected and the information might change if they were conducted again. To overcome this challenge, Saunders et al. (2012) advised that researchers should work hard to gain better knowledge about the theoretical lens to make the finding trustable and credible. For this reason, the researcher adopted Bourdieu’s (1972) theory of practice to theorize the governance systems in Ghanaian family-owned businesses. This is consistent with Marshall and Rossman (2006; Saunders et al., 2012) who stated that findings need to be related to an existing theory in order to show that the findings have a broader theoretical significance. The theory came into the picture after the initial pilot interviews and reflections on the initial findings from the interview. Afterward, the theory guided the focus of the interview, follow-up questions and the data analysis. This theory was adopted for the study because it provides
for a more comprehensive way of understanding the governance systems in family businesses due its multi-functionary nature of concepts such as field, capital (economic, cultural and social) and habitus in determining how and why governance structures are built in family firms, role of family in governance and the nature of ownership in family firms in Ghana. From a theoretical point of view, Bourdieu’s theory of practice was adopted in response to a call by a recent paper on accounting research in the family business (e.g. Prencipe et al., 2014) which suggests the need for more pluralistic theories to be used in corporate governance studies in the family firm. This is due to the fertility of research areas in the field as well as the diversity of research questions that should seek to achieve. The field guided the study in selecting participants from the social arena of a family business with binding regulatory and statutory, the institutional framework as well as traditional and spiritual corporate governance rules, principles and challenges (Bourdieu & Wacquant, 1992). The capitals dealt with in the study consisted of economic capital (financial or shareholdings), social capital (network ties, trust, connections and relationships) and cultural capital (knowledge, experience, qualification, title, skills) (Bourdieu 1986) in influencing the CEO position, appointment into managerial and supervisory positions or roles such as management, boards, committees, governing council as well as determining the nature of business ownership in family firms. The habitus looked at the culture, tradition and or the interplay of the field and capital.
CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter presents the discussions of findings. The first section of this chapter covers the nature of governance structures or mechanisms, how and why such structures deployed. The second section takes a look at the role of the family in family business governance (management, board and ownership). The final section examines the nature of ownership structures in family-owned businesses in Ghana.

4.1. Nature of Board Structure in Family-Owned Businesses

4.1.1. Formal Single-Tier Board Structure

Most of the literature that advocate for the formation of a board to ensure good corporate governance practices state clearly that boards must be formed explicitly (Cadbury Report, 1992; Section 181 of Ghana’s Companies Code 1963 (Act 179); section 60 of Act 2016 (Act 930).

Some of the respondents indicated that there is the existence of formal single-tier boards; however, most of these boards are formed due to laws regulating certain sectors or businesses their firms operate.

A respondent from FOB M:

“…the regulations of Bank of Ghana require us to form a board to supervise the activities of the bank and management”.

A respondent from FOB: I

“…as an education institution, we need to actually follow the rules laid down by National Accreditation Board (NAB standards) which requires the establishment of a governing council… the governing council consists of the president (chairman), the registrar, a lawyer, a chief from the community and three others”.

A respondent from FOB D:
“…business affairs are guided by broad policies explicitly laid by the board which is implemented by the management with the help of the departmental supervisors who submit periodic reports to the board. It constitutes seven members with five of them being management members, and the other two members remaining are my “brother’s friends” who work at Tamale Technical University”.

A respondent from FOB A:

“The board consists of my mother, sibling, and some educationists in the community. One of the educationists who is an expert in legal issues chairs the board during board meetings”

A respondent from FOB J:

“Our board has two non-employees on it. One of them is a chief of the community and the other member is an accountant and church member”.

These findings are consistent with Bourdieu’s concept of a field. Thus, in his view, a field is a social arena with relatively laid down rules and regulations where the actors within the field must comply or operate in accordance with the laws regulating business activities within that field. Some family businesses operate in regulated industries or sectors such as the banking, education or health fields with relatively guided rules, regulation practices and codes of conduct. Therefore, a family-owned business that wants to operate in these fields need formal single-tier boards (board with both executive and non-executive directors) being established in compliance with the regulatory bodies requirements outlined by the Act 1963 of Ghana Companies Code (Act 179), the Bank of Ghana Regulation (Banks and Specialised-Taking Act, 2016; Act 930) and the National Accreditation Board. This result contradicts with Nordqvist et al. (2014), who find that the family council which is a formal board in family firms is formed when the family and firm reach a critical size (i.e. when the size exceeds thirty members). For example, the governing council was formed by the University as part of the fulfillment of the requirements required by the National Accreditation Board to operate in the education sector as an education and training
institution. This means that the organisations operate in the regulated field hence needed the formal boards’ governance structures to be formed in order to operate or meet the necessary requirements leading to the registration and operation of the businesses.

4.1.2. Tacit Social Structure

Although some of the respondents for the selected cases of the study disclosed that they do not have any form of governance structures in place, it is evident that implicit board structure is tacitly formed through social interaction and observation (deference and inferences) without members being aware of its existence (Bourdieu, 1983; Magee & Galinsky, 2008; Wacquant, 2011; He & Huang)

A respondent from FOB G said:

“...our business activities are not well structured simply because it is a business between me, my wife and children; I am the head of the family and CEO of the business”

Other interviewee shared similar view indicating that the family businesses have neither non-family minority shareholders nor another extended family involved in the business ownership. Consequently, there was no need for a well-structured system for the direction and control of the family firm entity. However, it can be inferred that there is the existence of an informal social hierarchy or board structure consisting members of the nuclear family:

According to a respondent from FOB B:

“...the business organization is made up of only the nuclear family members where we don’t have any elongated generations or minority shareholders involved and that we don’t need any laid down structures for running our businesses”

In addition, another respondent from FOB E also cited that:

“...our business enterprise consists of my father, mother “myself, and siblings”

The family members within the family firm through respect and mutual acquaintance with each other lead to naturally form a social hierarchy that constitutes a group of decision
makers (husband, wife, and children). This kind of social relationship that exists through blood and marriage relationship that exists among members (husband, wife, and children) of the family-owned business creates an informal order or hierarchy in the business for the direction and control to influence boardroom interactions or decision making. Within this social structure, family members of the family firm tend to exhibit a network of social relationships which creates an avenue for decision making through information and idea sharing, communication, cooperation and coordination amongst members (father, mother, children or the nuclear family members) who are involved in the family-owned business governance. Through the interactions between the father, mother and children, a social structure is implicitly created in which one (husband or father) of these members naturally emerges as the leader (head and CEO) of the family and business respectively with internalised rules subjectively understood by actors (Bourdieu, 1977). It agrees with Bourdieu’s concepts of field (internalised subjective rules) and social capital concept on the premise that “one’s network of actual or potential relationship can be legitimised by the family, group or class membership (Bourdieu, 1986) to get access to material and immaterial resources, information and knowledge”. Further, the finding supports the idea of Bourdieu for the following reasons; the membership of the family business is through a lasting social relationship developed through the blood and marriage which make members of the nuclear family to become part of the business owners. Thus, a strong network of social relationship developed through trust, a mutual acquaintance, respect and recognition. This makes the relationship among the members strong and therefore family members need to submit themselves to each other create a collective structure to govern the overall activities of the family firm. More also, it brings the sense of identity to the family business and therefore creates responsibility for business governance through social exchange. This also corroborates with Subramaniam, Steward, Chew and Shulman (2013) who indicate that trust
and respect developed through a network of durable social (family) relation creates cooperation amongst members of a group towards value creation through collaboration and cooperation in the face of uncertainty which is critical for strong governance. The empirical findings on the tacit social structure which finds support with Bourdieu (1983/1986) social capital theory, is also consistent with the relational model of Nahaphiet and Ghosal (1998) who posit that durable social ties created by strong social relationship (blood relationship among family members) creates identity for the shared vision, respect, recognition and trust amongst family members towards cooperation and exchange amongst members for decision making. This finding also confirms Magee and Gilinsky’s (2008) idea that as far as the human group is concerned, a board is formed from an informal rank by deference and inference even if the people within the social structure are not aware of the existence of such a board. Hence, rules and regulations within this structure are consensually agreed upon or subjectively understood by the people embedded in the structure. This also corroborates with Bourdieu’s concept of organisational sub-field where the father, mother and children compete for positions and resources depending on economic power (Bourdieu, 1977). Thus, when members of the family in the family firm infer on its members’ different degrees of trust, respect, submission and attention with respect to decisions, views or opinions that emanate from shared understanding, it creates an informal order for tacitly handling family firm strategic and operational issues in this type of business ownership. It can be inferred from the empirical evidence that respondents under the tacit social structure, respondents have thought governance structures be an explicitly outlined complex, bureaucratic and elongated organisational structures and blueprint of rules and regulations without being aware of the existence of the implicit structures in their firms. This finding is consistent with Sarbah, Xiao (2014) who find that in China, the majority of the family businesses understand family business governance to be the introduction of needless complexity and bureaucracy.
4.2 Appointment of Board Members

The study finds evidence of Bourdieu’s concepts of regulated field appointments—thus; the provisions of Ghana’s Company Code 1963 (179); the Bank of Ghana Banking and Specialized Deposit-Taking Act, 2016 and NAB standards to influence board and governance council appointments in family businesses that operate under laws and regulations.

A respondent from FOB M said:

“...the chairman of this bank was appointed in line with the provisions of Ghana’s Banking 2016 (Act 930). However, academic standings, trust, respect, and loyalty gave him the edge over others”.

It was also established that aside laws influencing the appointment processes of the board or council members in regulated family firms, appointments are also influenced by other factors.

A respondent from FOB A said:

“...the board chairman was appointed based on his academic standings and how well acknowledged and respected he is in the community. For instance, the board chairman is an accountant who is knowledgeable, experienced and well respected by members of the community”.

A respondent from FOB D said:

“...the criteria for selection are based on a background check; the person must have knowledge on how to run a school, have knowledge in accounting and must be trusted, and have the ability to perform (skills and abilities).”

In some cases, it was revealed that the social relationship that exists between owners and other members of the family and friends influenced the appointment process. For instance; the evidence below highlights network ties influencing appointment.

A respondent from FOB C:

“...for one to be appointed to the board, basically, you need to be a family member with some interest (investment) in the business. However, Non-family members needed to be a church member, well respected and recognized in the community. For example, one of the
These findings support Bourdieu’s concepts of cultural capital (e.g. embodied and institutionalized) and social capital influencing the appointment of board members in the field of family-owned businesses. For instance, the study revealed that embodied and institutionalised cultural capital such as academic standings, knowledge in accounting, skills, abilities, and experience influenced the appointment of the board. This is because knowledge, skills and experience are critical for the success of every organisation since it serves as a manifestation of officially guaranteed competence (Bourdieu, 1986; 1991) which can be put in place to formulate strategic policies. The fields are dynamic in the sense that the ownership and experience in the environment change over time. For a family business to maintain or improve its position in the field, it needs a knowledgeable, skillful and experienced board of directors who can monitor the environment very well in order to perform their oversight functions efficiently and effectively (Sarbah & Xiao, 2014). It was also discovered that interest in the form of investment (interest) which is a source of economic capital according to Bourdieu influenced the chances of a person being appointed to the board. This means that the more financial capital one has in the family business, the greater the chance of being appointed or having a representative on the board. Furthermore, it was also revealed that respect, family relationship, and other relationships developed through trust and friendship influenced board appointment. This is consistent with Bourdieu’s concept of social capital because through the networks of relationships the family businesses are able to attract a pool of competent directors such as chiefs in the community and knowledgeable friends who can bring value to the entity as well as the individual directors (developing personal contact) (Useem & Karabel, 1986). This finding is consistent with Alix and Horner (2010) who indicated that boards with external social capital can create links with the outside community and firms in order to create avenues for
information sharing and acquisition of resources. They added that internal social capital can facilitate the strategic advisory role of the board of management through trust and collaboration.

4.3. Family Representation on the Board

The respondents also indicated some motivations for the inclusion of family members on the board or the governing council. The main reason is to prevent conflict of interest, achieve economic and social goals, family dominance in the business, family entrenchment of key positions and altruism. For instance,

A respondent from FOB I:

“I don’t think, if any at all, an outsider will be able to protect our interest and be shield our investments better than we can”.

A respondent from FOB C:

“...having family members on the board is good because they may understand the family vision, mission, objectives, values, culture, and philosophy, lines of communication and succession issues better to give advice on how these issues can affect our business organisation”.

A respondent from FOB M:

“the main rationale for recruiting family members onto the board is that our members’ particularly family members enjoy a high level of trust by the whole family if trusted and loyal members are appointed to the board”. “Such trust builds confidence and encourages the family to stand behind the company”.

A respondent from FOB A:

“In our family business, there is a patrilineal representation. My “father-side” has a board seat, and my mother should have it as well when she’s a shareholder of the business”.

These family executives understand the vision, mission, objectives and values of the family and business which they can incorporate into the business to formulate better strategic policies for the smooth running of their family firms in. Finally, trust and loyalty are
motivations that push for family executives in positions of governance. This is linked with Bourdieu’s concept of social capital. Thus, a trusted and loyal family executive are able to build confidence and strong cohesiveness among family owners through strong network connections and relationships. Moreover, family members on the board safeguard the investments of the family by serving as mechanisms for mitigating the conflict of interest that arises from the agency relationship.

4.4 Non-Family Members’ Representation on the Board

The respondents also indicated that non-family members succeeded to be appointed onto the governing board or council on the ground of having either a chemistry of cultural and social capital in the form of specialized skills, knowledge, experience, good academic standings, and social networks of relationship with both owners and outsiders. For example, evidence of this is captured in the quotes beneath.

A respondent from FOB J:

“In our family firm, non-family directors with the required experience, skills and professional competence are appointed to the board, and one of them is made the chairperson with the freedom to express their opinion and with the equal voting right”.

A respondent from FOB O:

“In most cases, non-family independent directors needed to be people who were trustworthy, loyal and respected in the community in order to be able to link the business to the external environment and obtain the necessary resources for their operations”.

The findings confirm Bourdieu’s concept of cultural and social capital pushing non-family members’ appointments. Thus, experienced, skilled and the professionally competent directors with technical know-how were appointed on the board. This is because the field in which the family businesses operate is very sensitive to environmental changes. Therefore, the board of directors who have the mix of experience, skills and the competence are
required to monitor the changes in order to formulate strategic insights or policies for family business governance. This means non-family members on the board are mainly experts in the particular areas such as law and accounting and other social matters such as conflict management in family firms. This is consistent with literature that state that one’s network of actual or potential resources that can be legitimized by the family, group or class membership (Bourdieu, 1986) allows access to material and immaterial resources, information and knowledge (Gretzinger, Hinz, & Matiaske, 2010) which are recognised as critical for strong governance (Subramaniam et al., 2013; Nahapiet & Ghoshal, 1998). Also, Bourdieu’s idea of social capital in the form of trust, respect and loyalty are instrumental to attract non-family members onto the board, since they can link up with both the internal and external environment. This corroborates with Valenti and Horner (2010) who posit that boards with external social capital can create links with the outside community and firms in order to create avenues for information sharing and acquisition of resources. They added that internal social capital can facilitate the strategic advisory role of the board of management through trust and collaboration.

4.5 CEO Dominance and Duality

The evidence provided by the respondents indicates that in many cases, CEOs of various family firms influenced the governance practices in their enterprises through the appointment process of board members and influence on major business decisions. This is because ownership in the form of shareholdings and financial capital coupled with tradition (religiosity and culture) conferred on them the power and the status either directly or indirectly to do so. This contrasts with the CEO appointment process in non-family listed firms where the CEO is being appointed by the board of directors (Bank of Ghana-Corporate Governance Directive, 2018). For instance, the following quotes represent economic capital influencing CEO appointment and preference:
A respondent from FOB G:

“...I have my money, established and registered the business in the name of the family. Everyone in the family and business including my wife and children is under me, so no one can control me. This makes me the sole candidate to occupy the position of the CEO because that position is the senior most position for the overall control of the business.”

Respondent FOB H:

“...I am the financier, husband, head of the family and CEO because everyone in the family and business is under me according to our tradition and religious teachings”.

A respondent from FOB K:

“...I am the Chief Executive Officer simply because I have contributed more than everybody in the company. 60% of the shares in the company belong to me.

A respondent from FOB O:

“... Having money is critical in determining one’s contributions to family and business decisions. Nobody can control me and the business while am still active and alive because I hold more than half of the shares. All the other family partners and non-family employees are under me”.

CEO dominance is also influenced by traditional and religious beliefs of the people. Thus, culture and the religious beliefs or custom influenced the position and the status of the chief executive officers. The respondents indicated that there are some verses in the scriptures (Bible and Quran) that clearly state that wives and children should be submissive to their husbands and parents. This evidence is captured below

A respondent from FOB G:

“Wives, submit yourselves to your own husbands as you do to the Lord”. "For the husband is the head of the wife as Christ is the head of the church, his body, of which he is the Savior”. “Now as the church submits to Christ, so also wives should submit to their husbands in everything (Ephesians: 5:22-24)".

79
Similarly, in an interaction with a participant from FOB E, he indicated that according to the Islamic Sharee’ah; wives are under the obligation of their husbands. The only instance that wives and children should disobey their husbands and parents’ is when they are being commanded to disobey Allah. The Hadeeth and Quran evidence that support this assertion is; the Prophet (Mohammed) (SAW) said,

“If the woman performs the five daily prayers, fasts the month of Ramadan maintains her chastity and obeys her husband, she will enter the Paradise of her Lord”. Moreover, the Prophet, (SAW), said: “Were I to order anyone to prostrate himself before anyone else, I would have ordered the woman to prostrate herself before her husband “Likewise, Allah the Exalted says: {But if they obey you [once more], seek no means against them} [Quran 4:34].”

The evidence provided by the respondents with respect to culture and religion driving the male CEOs preference is in line with Bourdieu’s concept of habitus. In his view, our way of thinking, perceiving, behaving and feeling are the outcome of our embodied history. Thus, according to Bourdieu, patterns of action and perception that have been transmitted during childhood are an outcome of education that is connected to the parents’ social status in the social space. This evidence supports habitus since the position of CEO is occupied by the founding husbands in family business governance because religious and traditional beliefs and customs make men are powerful over their wives and children as it is a provision by the Christian and Islamic scriptures. This is also possible because of the respondents’ orientation as Christians or Muslims. This situation is likely to change when the experiences of these participants change. The findings are in line with Ahrens et al. (2015) who find that only 23% of all single-family successors were females, indicating the preference for males. They explained that male successors are chosen because of context ruler’s gender preferences for male heirs. This finding is also in line with another study by Lemos and Scur (2018) who found the preference of male heirs in family firms in Latin America and Europe. They indicated that even when the founding CEO steps down there is 30% likelihood of the
position being taken over by the son if he has one. This may not demonstrate best managerial practice since the position may not be occupied by a competent CEO which may affect the survival and performance of family firms in the Ghanaian context.

Furthermore, the study also finds evidence of CEO-duality to be predominant among family businesses in many of the selected cases. The respondents indicated that the founding CEO had served on the board and at the same time chaired the board at meetings. The evidence is captured in the quotes beneath.

A respondent from FOB E:

“My father is the CEO and the chairman he makes the major decisions in consultation with my mother and the siblings”.

A respondent from FOB G:

“...at this stage communication and coordination of ideas amongst members was very easy and quick due to the small size of the family. Sometimes I being the CEO and head of the family and the business had to make most of the major decisions even though I take counsel from other family members and friends”


4.6. Appointment of Key Management Personnel

The study also revealed that family members and trusted friends occupy key positions such as finance and procurement related positions. According to the respondents’ these positions were occupied by trusted family members and friends to reduce the cost of monitoring, information asymmetry and irrelevant costs that result from window dressing, creative accounting, and doctoring of figures. The trust between family members entices people in the managerial position to create value for the organization through the sharing of information. Evidence that supports this is provided in the quotes below.
A respondent from FOB G:

“...my wife is my soulmate, managing director and purchasing officer because she can negotiate well based on her constant practice and market trend analysis. The children are the headmasters of various schools...all of them are trustworthy”.

A respondent from FOB F:

“...She doesn’t have any formal knowledge in finance or accounting, but she does it base on trust, her experience and the trend in the market”.

A respondent from B:

“...my father trusted my mother so much to the extent that he left every aspect of the business finances under her control, but she was warmly welcomed anytime she had any business-related discussion with my father”.

The findings depict that appointment in a key position basically focuses on close networking relations between the organization and the employee. This means that qualification is not the only factor to end someone in a key position of governance in a family firm. Social networking of relations plays a critical role in determining who occupies a key position in family firm governance. This is consistent with Bourdieus’s (1986, p. 182) concept of social capital which stipulates that “networks of social relations (mutual acquaintance and recognition) form a valuable resource the conduct of social affairs (conduct of business) providing members with a collectivity-owned capital (governance structure)”. This means that through family membership (blood and marriage), friendship and connections, family businesses are able to acquire valuable resources (human capital) to steer the strategic direction and control of the businesses. Also, through contacts and connections, family firms are able to get access to information and opportunities to recruit competent and well-behaved staff through friends of friends. Moreover, social status (CEO, general manager, and managing director positions) and reputation derived from being part of the network of family membership.
Also, the finding is consistent with PWC (2012) who finds that strategic or key management positions are occupied by family members as an internal control mechanism. Also, it corroborates with Sarbah and Xiao (2014) who indicate that the cost of monitoring is likely to reduce when trusted people occupy the position of governance in an enterprise. This is because, it reduces the cost of supervision and safeguards against the opportunistic behavior that emanates from the separation of ownership on the basis of morality (Aronoff & Ward, 1995). This is consistent with Subramaniam et al. (2013), who argue that, from a corporate governance viewpoint, social norms of honesty and teamwork are some of the factors that can establish a strong foundation for engendering the right attitudes and behavior. Bourdieu’s concepts of habitus and capital are supported because the ability of the women to negotiate well in the market field brings value to the company; which largely depends on her experience acquired through constant practices in the market.

4.7. Board Processes- Tacit Social Structure

4.7.1. Decision Process

The respondents indicated that the frequency of communication, interactions and relations between owners, employees, CEOs in these cases took the form of instruction and discussions as the founding owner CEOs dominated in the decision making processes. For example,

A respondent from FOB E:

“...my father is the CEO and the chairman he makes the major decisions in consultation with my mother”.

Similarly, a founding CEO from FOB K also revealed that;

“decision making in our organization is unilateral coupled with suggestions from friends and professionals”

Further, a respondent from FOB H indicated that:

“...decision making is not too formalized because it consists of instruction and discussion. The family meets and takes our decision
afterward we then meet the other managing members and then we tell them our intention for them to also add their inputs.”

This means that decisions making in family firms with unstructured systems have always taken the form of instructions from founding CEOs and discussions with other employees and suggestions from friends and experts. This is probably because of the unstructured nature, founder CEO dominance, private and proprietary nature of the family firms as well as a single individual having much of the shareholdings in the family firm. As such quick decisions need to be made without any lengthened consultations. This reflects a poor system of governance and managerial practices since a wrong strategic decision may be taken by this domineering CEOs. And those other members may not be committed to the implementation of a decision they did not contribute to its formulation. As some respondents noted, there is no regularity for the family business meeting. It happens spontaneously in response to an actual or potential problem arising which can affect the success of the business. This is supported by the evidence provided below.

A respondent from FOB G:

“…we only met when there were problems to talk about and let everyone understand the way forward”.

A respondent from FOB O:

“…meeting is held spontaneously. Thus; when there is a conflict to resolve”.

A respondent from FOB L:

“…meetings are held very often depending on the urgency of it. Thus; the meeting is scheduled as and when the need arises”.

A respondent from FOB K:

“…we don’t have any schedule for meetings. The regularity of meeting depends on the nature and the urgency of the issues to be discussed.
The above results depict that in many cases, meetings were held, though the schedule and frequency of meeting were predetermined by our regulation. The rate of the meeting depends on the urgency of issues to be discussed. These findings are consistent with Sarbah et al (2016) who discovered that the boards of non-listed family businesses meet only when there is a problem to solve and not regularly. This is probably because these businesses are not well structured (unlisted). As such decision making in many cases are unilateral in nature, where most of the decisions are taken by the founding Chief executive officers of family-owned firms in Ghana.

4.7.2 Minutes Taking

Turning on to how minutes of proceedings were kept under the tacit social board structure some of the respondents indicated that memory traces were used. Thus, the mind was used as the storage device for information and other business issues they discussed. They narrated that no manual or electronic records of proceedings have been taken during an ad-hoc meeting or casual conversation. Records of discussions or issues at meetings are normally kept in the minds of the attendants due to inability to document anything on paper for future reference. This is because the meeting or the discussion is not official, which often takes the form of casual discussions between the family members. The evidence also shows that keeping records of minutes will be costly since they needed to engage the service of someone to keep the minute and also need fund to procure personal computers. This is, however, a bad practice since people may have a short memory and therefore susceptible to forget creating confusions and repetitions. The quote below lends support to this scenario.

A respondent from FOB H:

“...we don’t keep records of the meeting because it not formalized and it involves instruction and discussion, unlike an official meeting where minutes are taken. However, we make sure that it is kept off the head for future reference”.
4.8 Board Process—Formal Single-Tier Board Structure

In contrast to the tacit social board structure board processes, minutes taking and CEO interaction, the study revealed that official board meetings were held where decisions were taken by the debating process and voting on issues. But the frequency of meeting differed from one business to another depending on the policy and regulations of the company. For example, the frequency of meeting is exemplified in the following quotes:

A respondent from FOB D:

“…board meetings are held every month to discuss monthly reports, challenges, and performance for considerations toward future policy agenda”

A respondent from FOB A:

“…board meeting is held once every term and when there is an emergency to address strategic, financial and other cases that may lead to lawsuit or revocation of license

A respondent from FOB:

“…the board schedule for meetings is in the company’s regulation. However, the governing council met 4 times every year to discuss the way forward for policy consideration.

The respondents indicated that board meetings were held monthly, quarterly and half yearly, as well as once a year. The frequency of interactions shapes governance in family firms. This is in line with literature (Bourdieu, 1986; Nahapiet & Ghoshal, 1998) that indicate that relations between one person and another in networks of social relationships ensure free flow of information, communication between family members for exchanging knowledge, resources and value through the network connections (Subramaniam, et al., 2013).

In many cases, decisions were taken through voting (the simple majority with one vote each by raising hands up) that was the reason for the preferences for odd numbers of board members of directors to constitute the board. However, in the case where the founding-CEO had served as the Chair, they had some kind of say or influence on the final decisions taken.
This is consistent with Bourdieu’s concept of capital. Thus, capital forms the basis of social life and dictates one's position in a social order. CEOs in small firms often have a larger and more immediate impact on organizational processes and outcomes. This power extends to their ability to shape board composition (Fiegener, Brown, Dreux, & Dennis, 2000). CEOs with outside boards see the benefit of using the board as a resource (advice and counsel, and accountability), while those CEOs with inside boards seem to see the board more as a legal requirement (Ward & Handy, 1988). CEOs with greater ownership and family stakes have less independent board compositions. One reason for this may be CEOs’ fears that outside boards may limit CEO discretion (Fiegener et al., 2000).

The respondents also indicated they were informed through writing or through phone calls, the date, time, venue and the issues to be discussed at the meeting. During the meeting, records or minutes are taken by the board secretary or a person appointed thereof to take minutes of proceedings. The minutes taken were read immediately after the meeting before the departure of the board members or distributed later to the board members. For example,

A respondent from FOB A:

“...minutes are not distributed to the board members because it is kept to keep us informed or reminded of issues discussed at the meeting. However, it is read to us immediately after the meetings for us to know whether what is in the minute was what we agreed on. Successively, the minute also shows the record of members who attended the meeting, and also, facilitate the processing of allowances”.

A respondent from FOB D:

“...board proceedings are taken by the administrator or the registrar. The minutes are afterward distributed to the board members to verify and authenticate the issues discussed at the board meeting for the sake of accuracy and correctness”.

A respondent from FOB J:

“...the minutes are distributed to the members of the board after the meeting just to know whether what is in the minutes is the same as the issues that were discussed at the board meetings”.
Some respondents also noted that the minutes taken were distributed to them after the meeting, particularly for them to confirm and reaffirm what they find on the minute is the same as issues that were discussed at the board meetings. The study also discovered that minutes were distributed to the participant after the meeting for members to verify and authenticate the issues discussed at the board meeting to confirm the accuracy, correctness and substantiate the conclusions that were settled on at the meeting.

4.9 Nature of Rules and Regulations

According to Bourdieu (1989), the field is a relatively autonomous social universe set with its own laws, rules and challenges. From the interview responses, it was indicated that the rules and regulations for the direction and control of family business were dependent on whether the entity operated in a regulated or unregulated field. Accordingly, respondents from the unregulated fields indicated that they did not have any regulatory or supervisory body to oversee their operations. However, they needed to get tacitly formulated rules internalized by the social actors involved in order to establish appropriate and relevant practices in the family firms, aside statutory regulations. Therefore, traditional and spiritual sources or inspirations constituted the basis for the internalized corporate governance rules and regulations for the unregulated family business field. For example, the following quotes depict the evidence of this.

A respondent from FOB E:

“…there are no clearly written down rules and regulation for our family firm. But there are folk laws that we grew up to know of. For example, we grew up to know that the CEO position of this business should be taken over by the elderly sibling when our parents are incapacitated or are no more”.

A respondent from FOB F:

“…the family business bible provides us with guidance on how to run the business affairs. The family business bible is the statute of the organization which states the rules and regulation for the
institution. The statute defines the procedure for conflict management, succession in ownership, decisions procedure on expenditure, recruitment or appointment and termination of contracts, profit sharing”.

A respondent from FOB B:

“...we have the “Ethical Decalogue of Yenboni”. It contains the rules and regulations that govern everyone under the umbrella of Yenboni ranging from the top management to the lowest hierarchy. It spells out the dos and don’ts of Yenboni with respect to family vision, unity, what the family stands for, conflict management, succession, profit sharing, withdrawals, and family values such prestige”.

This result confirms Bourdieu’s concept of the unregulated field which indicates that rules are unique and autonomous in nature, hence rules need to be formulated tacitly (Wacquant, 2011) and internalized by the social actors involved rather than formalized by a universal entity. Therefore family business founders and management decide to select from the industry or the business community in the informal sector and develops its own autonomy by formulating internal logic, rules, norms which are derived from both traditional and spiritual sources such as the Ten Commandments, Islamic Sharee’ah and folk laws as the mechanisms for structuring and regularization of power relations and business activities in family-owned business in the Ghanaian context. Also, each of the businesses within these unregulated sectors is recognized as an organisational field of relations in which individuals within it compete for personal benefits. Consequently, family firms establish some governance rules and regulations like the “Ethical Decalogue of Yenboni”, Family Business Bible and also dwell on Folk laws as mechanisms to control behavior, conflict of interest and protect investors and other stakeholders of the family firm.

Aside from the traditional and spiritual sources of governance rules and regulations for business governance, some respondents indicated that their businesses activities were regulated by rules and regulations explicitly laid down by their regulatory and supervisory bodies such as Bank of Ghana, National Accreditation Board. These rules and regulations
come from Acts and Codes such as the Bank of Ghana Banking and Specialized Deposit-Taking Act 2016 (Act 930) and the Company’ Code of Ghana, Act 1963 (179) and the National Accreditation Board Act, 2007 (Act, 744) and Regulation 2010 (L.I. 1984). The evidence is provided in the following quotes.

A respondent from FOB D:
“...our governance activities such as the appointment of board members is in line with the provision of section 181(sub-sections 1-5) of Ghana’s Company’s Code 1963 (179)

A respondent from FOB I:
“...as an education institution, we needed to follow the laid down rules of the National Accreditation Board (NAB) in order to avoid culpable offenses, withdrawal of the accreditation and revocations of the permit in very serious breach or offense...e.g., Act 2007(744) and Regulation 2010 (L.I. 1984)”.

A respondent from FOB M:
“...even though the bank is a privately owned entity, our activities are regulated by the Bank of Ghana. Hence, the policy guidelines for operations are in compliance with the Bank of Ghana Banking and Specialized Deposit-Taking Act 2016 (Act, 930)”.

Furthermore, it was also revealed that some family businesses needed to sign an environmental impact statement required by the Environmental Protection Agency Act, 1994(Act, 490) (EPA), and comply with Ghana Revenue Authority Act 2015 (896) as statutory requirements.

A respondent from FOB K:
“Our operations and strategies are directed by government policies. For example, rules and regulation relating to environmental impact assessment under the Environmental Protection Agency Act, 1994(Act, 490) must be signed before.

A respondent from FOB A:
“…we pay corporate tax and withhold taxes from employees’ income as required by the Tax Act 2015 (896)”.
The finding confirms Bourdieu’s concept of field indicating that family-owned businesses that operate in regulated business fields such as banking, healthcare, education, sport and, media and communication industry are required to operate in accordance with the legal, regulatory, statutory and institutional rules and regulations governing the undertakings of the establishment to avoid culpable offences and revocation of license or permit. This means that the companies are either forced to or voluntarily comply with or conform to the guidelines and standards established by regulatory, supervisory, government agencies and policymakers in order to operate. The finding confirms Bourdieu’s concept of the regulated field. According to Bourdieu, (1989), a field constitutes a social space set with its own laws, rules and challenge in which actors in the field struggle for resource, stake and access. The results portrayed that the rules and regulations set by the various regulatory and institutional bodies such as the Bank of Ghana, National Accreditation Board, Environmental Protection Agency and other governmental agencies such as GRA shaped the governance policies in family-owned businesses in Ghana. This means that each sector in the business community (e.g. banking, healthcare and education) constitutes an industry or sector-specific sub-field set with its own industrial or sectoral rules and regulations formalized by the regulatory and supervisory bodies or government agencies within a particular industry.

4.10 Family Meeting Structure

According to Bourdieu (1986), social capital may result from the application of a common name or identity which may be a name of a family, tribe, class, school or a party by a complete set of instituting acts designed to simultaneously form and inform those who go through the exchange process. Some of the respondents indicated that the family meeting was also used to educate the youngsters about the family and business values, vision, and mission. For example,

A respondent from FOB G:
“...we had family meetings during dinner, naming ceremonies, funerals, marriage ceremonies, Christmas and sometimes at a family get-together to resolve conflict and educate the younger generation”.

A respondent from FOB F:

“…this structure is mainly designed to reduce the problems associated with inconsistency with regards to goals, policies, procedures, and ideologies that can affect the family business decision making”.

A respondent from FOB N:

“the ad-hoc meeting was used as a platform for discussing actual and potential governance issues that are related to the business and family vision, mission, objectives, values, culture, philosophy, conflicts, business succession and recruitment matters that have the potential to affect the family and business as a whole. This is to get the family linked together through frequent interactions, strong coordination and cooperation among members performing different roles in the management, family and business governance.

A similar view was expressed by another participant in another company who indicated that meetings were held on WhatsApp chats and through conference calls to discuss business issues:

A respondent from FOB H:

“...sometimes we held a meeting on WhatsApp chats and through conference calls to discuss business issues. This is because our family members are sparsely apart, living in different parts of the country, with some of them living outside the country, and that, these were the only times we could get every member coming around or attending the meeting. My family members have different opinions, goals, motives, ambitions and aspirations, and this aid in our discussion about the family and the business”.

A respondent from FOB E:

“Decision making usually takes the form of a family meeting between my father, mother, and my siblings. Sometimes being called on the phone contribute is am not around”

The result collaborates with Bourdieu’s concept of social capital. This is because the family meeting serves as a social network for people related by blood and marriage to share
common language among family members. The shared language of unified visions, philosophy, objectives, goals and values are critical in determining an acceptable governance behaviour in family firms. This finding also confirms the existence of family meeting as an informal social governance structure that ensures shared understanding of language, meaning and interpretations of vision, mission, and values (Nahapiet & Ghoshal, 1998; Subramaniam et al., 2013). This is consistent with Nahapiet and Ghoshal (1998) cognition dimension of social capital. They posit that shared language influence the conditions for the combination and exchange of intellectual capitals in getting access to different people with overlapping knowledge, information, common frame of identity and, understanding of collective goals and appropriate conduct in an organisation. Through the family meeting, a pool of knowledge is brought together for decision making in family firms through the shared understanding of goals, vision, mission, and business value among family members. It is also in support of Bourdieu’s concept of habitus which is embodied history acquired through the family system designed to mould the pattern of actions, perceptions and the understandings of members that have been transmitted from childhood to adulthood are the outcome of an education that is connected to the parents’ social status in the social space. Thus, the family transmits the family vision, mission, philosophy and culture that are relatively stable which shapes the thinking, feeling, perceptions and the behaviour of its members toward the family and business.

4.11 Special Governance Committees

Special governance committees such as risk committee, disciplinary committee, examination committee, academic committee, event committee, and sanitation and health committee, legal committee, marketing and advertising committee were formed to assist management and the board of directors in executing their governance roles in FOBs.

A respondent from M:
“...we have a separate risk and audit committees that assist both management and board in their executive and supervisory duties”.

A respondent from B:

“...ad hoc committees consisting of people with expertise were formed to handle special issues. For example, a three-member committee consisting of my father, mother and a lawyer who is an expert in law was formed to draft the Ethical Decalogue of Yenboni”.

A respondent from FOB K:

“.the disciplinary committee consists of guidance and counseling expert, an accountant and other two family members who meet occasionally to resolve conflict and other related issues”.

The result also shows that, in some cases, specific committees were formed to assist management and the board with the strategic direction and control of family businesses, and to a certain degree facilitate the governance systems within the family-owned businesses. The respondents’ indicated that people with special knowledge, skills and expertise formed these committees to handle special issues, and to advise the management and board on their proceedings. It was discovered that management and the board do not transfer any task to be performed to the committees to perform on their behalf, but the committees study the business issues and present their expert advice to the board or the management for further consideration. The result also shows that different committees existed in different entities performing some functions. For example, the results find that the event committee was made up of experts responsible for planning business programmes such as graduation, family-out day and get-together to have fun, and excursion programme. In another organization, it was established that the health and sanitation committee was led by a professional nurse to ensure the supervision of issues regarding hygienic conditions of the environment as well as the health of employees and consumers. The risk committee is formed by the bank to offer advice on bank risk issues.
4.12. The Role of the Family in the Governance Process

This section discusses the main findings on the roles played by the family in family business governance. This theme came to the light when the respondents explained what the family does towards the institutionalization and implementation of governance systems in their family business. The roles identified from the analysis of the responses were categorized into five sub-themes. These are: capacity building and nurturing of potentials or human capital development; building consensus and trust-commitment relationship; setting the appropriate tone at the top management; symbolic corporate social responsibility and sustainability; transgenerational planning. The subsequent sections discuss each of these roles in detail.

4.12.1 Capacity Building and Nurturing of Potentials

Establishing governance structures such as boards, special committees and internal rules and regulations in FOBs were not enough to ensure effective corporate governance practices. Competent people were required to work in these governance structures and implement the rules and regulations; hence the respondents indicated that the family deliberately develops the knowledge, skills, experience and expertise of its members through family socialisation and the school system. They indicated that in some instances they were mentored and coached by knowledgeable and experienced members to acquire the necessary knowledge and skills required to direct and control their business organisations. The essence of this is to build intellectuals who can share the vision, exchange knowledge and information to effectively collaborate and coordinate the task of governance in the family. For instance,

A respondent from FOB F:

“…accounting seminars were organized for family members to help them read and understand the financial statements of the company”.

A respondent from FOB H:
“...my father has sponsored my brother to go to the university and study business management for him to be equipped with the managerial expertise to come and help with management of the business organization. Also, anytime he is dealing with clients and business partners, were also invited to come around and observe how things are done”

A respondent from FOB G:

“...I have sponsored two of my account officers to write the Institute of Chartered Accountant Ghana (ICAG) professional Examination in order to upgrade their knowledge and skills to manage the records and finances of the business well”.

A respondent from FOB A:

“...at the beginning of every term, in-service training is organized for the teachers, workshops for administrators and finance officers. All these are done to expose the teachers to the new trends and methods of teaching, current issues in accounting, administration and management”

A respondent from FOB I:

“...seventeen of the family members are currently in India to be trained to come and assist in the management of the school. Some are being trained as lecturers and others as administrators”.

A respondent from FOB C:

“...when you have in mind of transferring the business to the next generation, involve those successors or family members in the running of the business when you are active and alive don’t let them take over after you have retired or dead. Train them on your business and family culture and philosophy to avoid cultural differences. Let them learn and practice how to handle the business activities such as communication, purchasing, records keeping, dealing with customers and so on”.

A respondent from FOB J:

“Intra and external coaching are offered by the pharmaceutical council of Ghana, which requires every pharmacy to be represented. So I have always been at the conference and seminar because my mother is an expert in the field already. She wants me to also to be trained through that mode. My brother too is taking a medical programme at the university”.

These findings enormously point out that the families deliberately develop the human capital by sponsoring and coaching the employees to sharpen their skills, abilities, knowledge,
processes, and thinking capabilities towards building a good system of governance in family firms. This finding is supported by a study in Ghana by Aboagye and Otieku (2010) who recommend in their study that rural and community banks (RCBs) should pay the necessary attention to have the competencies of their board members and senior management developed as a mechanism of achieving good corporate governance in rural and community banks. This is also supported by Nahapiet and Ghoshal’s (1998; p.253) cognitive dimension of social capital which holds that “shared language developed through the family and school education systems affects the conditions for the combination and exchange of intellectual capitals by gaining access to people and their information”. This provides a common frame of reference to the identity or common values which enhances the combination of capabilities in which people with different overlapping knowledge are able to combine and share information (Subramaniam, et al., 2013). The finding also corroborates with Bourdieu’s concepts of field, cultural capital and habitus. This is because the finding demonstrates the interconnection between field, cultural capital and habitus inherent in the family’s decision to build the capacity of its members and employees of the firms. According to Bourdieu, the field (field of FOBs) is a social arena within which actors (family firms) compete for resources (capital), stake (investments, market shares) and access (information). Therefore, for a family business to maintain or improve its position within the field, the business needs cultural capital. Hence, the family deliberately builds the capacity of its human capital through formal and informal education, coaching, mentoring, seminars, training and special programmes in order to get knowledgeable, skillful and experienced people who can use their knowledge, skills, and experience to monitor the turbulent and ever-changing environment to make insightful strategic policies for family firms’ governance. This will lead to habitus system of dispositions as a product of history that “produces practices in accordance with the schemes engendered by history” (Bourdieu,
1984, p. 82) which evolves to be adjusted to the current context and reinforced by further experience”. This is consistent with the literature (e.g. IFC, 2011; GTZ-FRC, 2005) which indicate that broad set of intervention such as education, mentoring and coaching programmes to nurture the human capital is required to promote the development of competent responsive and accountable governance institutions for effective decision making, transparency and accountability and all-inclusiveness.

4.12.2 Building Consensus and Trust-Commitment Relationship

The respondents in their presentations indicated that the absence of trust relations among people involved in both the family ownership and business management break down coordination and cooperation amongst social actors that cause a conflict of interest and multiple goals to be pursued. This, in turn, results in the lack of unity of direction in the business organisation. Therefore, the family which is recognised as the primary transmitter of; family values (actions); perception at childhood or adulthood and the strategic decision maker resolves these problems by building trust amongst family owners (members), board members, management and other stakeholders of the business through appropriate governance policies that ensure common view. For example,

A respondent from FOB G:

“...this reminds of a metaphor once said by my father “trust is stronger than a will made in the Supreme Court or the secret camera of “Anas’s Tiger Eye”.

A respondent from FOB D:

“...our ability to work here together, share information and ideas depend on the trust we have for ourselves. The family achieved this by ensuring that openness, respect and obedience were reciprocated as well maintaining commitment and consensus towards family and business goals”.

A respondent from FOB N:

“…unified goals and common understandings are necessary if we want to have a common system of ownership and control. The family
is therefore charged with the task of building trust relations among our members.

A respondent from FOB F:

“...I think the first thing that the family must consider when building the appropriate governance structure for the company’s direction and control is trust. ....when trusted family and non-family employees are recruited into management positions, it reduces stealing and the tendency of hiding relevant business information from us”.

A respondent from FOB G:

“...to maintain commitment and trust within the business, the family as the owner of the business and a social institution of its governance must train its members and employees based on the family objectives, culture, and philosophy to avoid goal differences ideological, and cultural differences”. “As owner-manager of the business, we should be smart enough to devise ways and means to cherish and strengthen trust and harmony between family as well as management members”.

This finding is in line with Bourdieu’s concept of social capital. This is because the family which is recognized as the primary transmitter of actions and perceptions (Bourdieu, 1977) is committed to building consensus and the trust-commitment relationship between the family, management, and, or board through family socialisation and family meeting gatherings. Having family members with differing views and goals agreeing on a common view, philosophy ensures effective FOBs governance. Through this family governance mechanism, potential conflicts are teased out before the crisis hit the organization. The governance system that accrues to the family firm through the network ties of social relationship developed through trust is an asset for coordination and cooperation from members. Because it creates the confidence and the freedom for actors to be part of the governance processes and share information and ideas on the basis of trust relations in deciding and defining the appropriate principles and practices to be followed by members. The finding also concurs with Nahapiet and Ghoshal’s (1998) relational model of social capital, which demonstrates that strong and powerful interpersonal relationships or
connections and one-to-one communication ties held among actors within and outside a social network build trust which enhances knowledge flow among key structures or functional area of governance. This is also supported by Sarbah and Xiao (2014) who confirm that links based on trust relationship reduce the cost of running a business due to its ability to lower cost of supervision, monitoring, and protect owners against opportunist behavior. This result finds support with Weibste (2013) whose study indicates that strong shared vision in the family is positively associated with social interaction, commitment and strategic decision quality in family-owned businesses in Finland. It also finds support with Brenes et al. (2011) who indicated that building a family governance structure is to improve control and strategy mechanisms in the family business and simplify the relationship and communication between business managers and family owners. In addition, Dyer (2006) trustworthy commitments given by a family and connections made build the family firm’s social capital. This finding collaborates with Ward (2003) who postulates that the lack of mutual trust amongst the board, owners of family firms is the most critical negative issue that inhibits family business governance. Similarly, Steer (2001) raised the flag on trust by demonstrating that, it should be the first and foremost element to be considered in building appropriate governance structures for family firms.

4.12.3 Symbolic Corporate Social Responsibility and Sustainability Practices

The respondents indicated that their companies do not operate in isolation; they interact with the general public. Therefore, they need to prepare the communities as well as the societies in which they operate just like the way in which they prepare the younger generation to take over the business in future. They said that they pursue these goals by engaging in community service activities that bring pride and good reputation to the business. Thus, the family-owned firm leverages on the family legacy through monetary contributions and
community service to build a promising future for the family firm in the community. Evidence of this is shown in the following quotes.

A respondent from FOB M:

“...through the family and business leadership, we have achieved a positive image and good name for ourselves through supporting voluntary community-based charity projects by giving donations to the hospital, schools, prisons, orphanages, building police stations, markets and other community-related projects”.

A respondent from K:

“...we have an orphanage home that we sponsor with some of our business funds, and even donate other orphanage homes of our preference”.

A respondent from FOB D:

“...we organized blood donation and free medical screening exercise to the general community and to get blood for our local hospital”.

The finding shows that the family is adding value to the community in which it operates through ethical and philanthropic CSR aside the legal CSR for creating a positive image for the business. This means that commitment to the creation and implementations of sustainability and CSR shows that the family is directing its governance efforts towards the sustainability of the environment, the community and the business. This sends out the signal for stakeholders to infer that the business is contributing to the welfare of the citizen, hence need to contribute to its continuity by patronizing in its products or services. This concurs with literature (Galbreath, 2010) that indicates that families seeking for legitimacy, good reputation, autonomy, recognition, acknowledgement of family values and business name, and the desire to address the demanding needs of various interest groups such as suppliers, customers, employees, the community and the general public engage in CSR. It is also supported by Block and Wagner (2014) who established families that are proud of their firms and intend to be perceived with a positive image in the general public tend to protect
their reputation through the avoidance of actions that damage reputation and address stakeholders demand. This drives the family business towards the role of corporate social responsibility beyond the legal and ethical CSR to philanthropic CSR. This finding is consistent with Lichtenstein, Badu, Owusu-Manu, Edwards and Holt (2013) who found that result found that Ghanaian firms are found more aligned to social or intangible CSR projects than tangible ones. The result also finds support with Block and Wagner (2014) who claimed that “families that are proud of their firms and intend to be perceived with a positive image in the general public tend to protect their reputation through the avoidance of actions that damage reputation and address stakeholders demand”.

4.12.4 Establishment of Appropriate Tone at the Top Management

The respondent said that most of the topmost positions such as CEO and board in their family firms were occupied by them and that they needed to be pacesetters of the strategic direction and control. The members indicated that the family is duly involved in all the discussions on corporate values at the; family, management and board levels, hence need to make a good system of governance an organisational culture since it permeates the network of relations that exist between the family, management, board and other stakeholders. The following quotes provide evidence of this.

A respondent from FOB C:

“...the business is our future and insurance policy for the future generation. Top management adherence to good governance system should be our primary responsibility and not only the responsibility of top management who are non-family supporting members”.

A respondent from FOB F:

“...we made compliance to organizational rules, governance structures and business values a culture and took the necessary initiatives to identify members’ behaviours that will lift those values”.

102
A respondent from FOB G:

“...without ownership of the governance structures, policies and systems by the top management nothing works for us”. “The CEO serves as the face of the organization, consequently connect the business inside and outside the family firm”. “Our members get to know where they belong to depending on their contribution in terms of finance and responsibility; understand the informal line of reporting and what the reporting frameworks are, and where they fit into the scheme of things”.

The finding confirms Lipton, et al’s. (2014) claim that the success of a family business largely depends on the top management as it forms part of the governance structure, just like a non-family business. The expertise and actions of the CEO and the board directly affects wealth and performance of a family firm since it is directly charged with the responsibility for the formulation, execution of the overall direction policies as well as the operational policies of a family business such internal controls, budgetary process, risk management, conflict management and clear line of communication either through a formal or informal system. This corroborates with a report issued by the U.K. Financial Reporting Council (2016) on Corporate Culture and the Role of Boards which indicates that the board of directors together with the CEO and the management team need to actively cultivate a corporate culture that gives high priority to ethical standards, principles of fair dealing, professionalism, and integrity, full compliance with legal requirements, ethically sound strategic goals and long-term sustainable value creation. The evidence shows that setting the right tone-at-the-top management for organizational culture and climate is the responsibility of the family members occupying the topmost position such as the CEO and board to assume ownership of such governance mechanisms in family firms rather than being a mere statement of a good intention. This consistent with the relational dimension of Nahaphiet and Ghosal (1998) which revealed that building and strengthening governance depends on having a strong leadership structure that is critical in getting the right tone at the top as well as building connection through knowledge and trust.
4.12.5 Transgenerational Planning

In line with prior a study (Suess, 2013) which indicates that the family through the family meeting plays an important role in family governance in devising a succession plan, selecting the most qualified and appropriate successor and preparing them to take over ownership. The respondents indicated that they did not have any explicitly laid down rules and regulations, on family firm succession. They narrated that they resort to strategies such as the involvement of interested family members and coaching potential owners to takeovers the businesses.

A respondent from FOB C:

“...when you have in mind of succession, involve the family members when you are alive don’t let them take over after you have retired or died. Coach them to learn how to handle the business activities such as communication, procurement and the rest. Succession is not based on seniority, but based on the one who has an interest in the business and understands my philosophy”.

A respondent from FOB A:

“....the criteria for succession selection is based on a background check; the person must have knowledge on how to run a school, family member and actively involved in the running of the business. This is to preserve the values of the family as well as the values of the business. The school was established by two parents who have died and their daughter who was interested and actively involved in the business has taken over the business”.

The finding on succession planning is consistent with Bourdieu’s concepts of social capital (Bourdieu, 1986) and cultural capital. For instance, a person’s entirety of social relations through family memberships is legitimised by the person and that relation allows the person to have access to the FOB resources. This finding implies that who takes over the control in management and ownership position in family firm depends on the person’s relationship with the family and interest the person has in management of the FOB as well as understanding the philosophy of the founding owners. Also, there is the evidence of cultural capital in making succession in management and control in family firms in Ghana. For example, who takes
over management and ownership control must be a family member who is knowledgeable in managing the business. This family member might have acquired that experience and knowledge through which is an embodied cultural capital (Bourdieu, 1986). The finding is in line with a study by Chittoor and Das (2007), which revealed that family council lessens succession by providing the next generation with the avenue to grow and represent the family values and interest in the management without business interference. However, this represents a poor way of keeping the business alive beyond the founding owners’ demise. This is because the lack of an explicitly laid down policy on ownership and leadership succession may be complicated due to the issues of litigation that will arise breeding conflict after the death of the founding owners. Also, having succession plans in the heads of the founders and at best mere intentions is a strong motivation for a family business to fail. One possible reason for this is that patriarch or matriarch not getting to install heirs before passing away. This implies that there may be intense competition between siblings for positions especially in the situation where multiple marriages are involved. This confirms why prior studies (Sharma, Chrisman & Chua, 2012; Suess 2013; Heenetigala et al., 2015) indicate that one of the major issues faced by the family business is of lack succession planning.

4.13 Nature of Business Ownership Structures
The theme business ownership structure came to the forefront when the respondent shared their views and experiences on the nature of ownership in their family firms and how it influenced the governance structures needed to operate an survive in the turbulent business environment. The interviews with the respondents revealed that many types of family business ownership existed in the Ghanaian context. These ownership types were categorized into four sub-themes, namely: Authoritarian conglomerates business families’ ownership structure, Parent-owner ownership structure, the modern family conglomerate
ownership structure and the multiple families’ ownership structure. The following subsections discuss each of them in detail.

4.13.1 Authoritarian Conglomerates Business Families’ Ownership Structure

In the view of Bourdieu, power embedded in the economic capital in the form of shareholdings and financial resources controlled by families influenced the nature of family business ownership structures in different economic and political economies. Some of the respondents revealed that their families controlled enough idle resources that enabled them to invest these resources into multiple or diversified business fields that are either related or unrelated simultaneously. However, key management positions in these firms strictly held by founders, their children and other family relatives. For example,

A respondent from FOB K:

“...we are into building construction, selling of lands, drilling of boreholes, architectural services, deal in building material and agriculture...father (CEO)...mother (Finance Officer)...sons(supervisors of individual activities

Respondent FOB: O

“…the family business is into mixed farming and the trade of processed wood”.

A respondent from FOB F:

“...my mother is the CEO, controller and chairperson of the business because she is filled with most of the business issues and knows the strategic direction of the business. All our branches are headed me, my sibling and other cousins.

The finding on the authoritarian conglomerate ownership structure confirms Bourdieu’s concept of economic capital giving power to well-resourced families to possess the power to control resources by establishing businesses in their communities in which powerful individuals within these families determine managerial and ownership control in the firms.
This is also in line with Suehiro and Wailerdsak (2002) who indicate that in the authoritarian conglomerate type of ownership, business activities are widely expanded and diversified into different sectors and countries, however, strategic management positions are still reserved for founders, family members and relatives. Autocratic leadership style forms the basis for managing these firms where the president or CEO and or the chairman make all decisions and strategies to be followed. This finding finds support with Michael-Tsabari et al. (2014) who demonstrate that as businesses flourish by accumulating assets internally, and externally, they tend to diversify their investment by entering into other related or unrelated businesses (Habbershon & Pistrui, 2002) and business begins to have a complex structure that makes the business to behave in a different manner than before. Hence, business families’ forms of ownership structure have businesses operating in different institutional and industrial environments, the importance of context is heightened (Steier et al., 2015). This is because the diversification of investments and goals through multiple businesses require a unique governance structure to achieve the goals compared with what governance structure will be useful for the single business enterprise. Moreover, the heterogeneity of enterprises in a business family would have added complexity in the form of the goals, strategy, and structure the family sets for each business (Steier et al., 2015). This is perhaps an outcome of the economic and legal characteristics of the environment in which the entities operate. In an economy where investor protection is at minimal, firms result to have ownership and control structure that can help to spread risk by having portfolios of investments. This confirms the finding of a study by Gomez-Anson (2009) in Spain that established that legal environment characteristics affect the ownership structures adopted by family firms to maintain control. This consequently affects the quality of financial information and performance (Sanchez-Ballesta & Garcia-Meca, 2005). However, this evidence contradicts with Sacristan-Navarro et al., 2011) who argue that the effect of family
ownership on the performance of the firm is independent of the ownership structures that they use in their governance.

4.13.2 Parent-Owner Ownership Structure

The analysis of the interviews data revealed that parent-owner ownership structure is one of the most dominant ownership structures in the Ghanaian context. The evidence shows that the general control in terms of ownership and management under this form of ownership is concentrated in a single family with one particular person acting as the majority shareholder or the bankroller, head of the family and Chief Executive officer of the business as well. This was noticed when the respondents explained how the shares or proportion of capital contributions by members as well as how major decisions were made and who had much influence on the decisions made in their family firms. These quotes to illustrate the prevalence of the parent-owner ownership structure in the Ghanaian context as explained by some respondents.

A respondent from FOB E:

“My father is the CEO and the head of the business and family. He makes most of the major decisions of the business with or without consultation with my mother and we the siblings”.

A respondent from FOB G:

“...at this stage communication and coordination of ideas amongst members was very easy and quick due to the small size of the family. Sometimes I being the CEO and head of the business and family had to make most of the major decisions even though I take advice from other family members and friends”

This finding of the study is consistent with Suehiro and Wailerdsak (2002) who established that in a closed family business ownership form of family business ownership, the control and ownership are entwined by a single group of individual (Gersick et al., 1997) with almost all the key management positions within the organization filled with founders and key family members such as sons, daughters, husbands and wives (Lubatkin, Durand &
Ling, 2007). It is hard to recruit top management employees in this regard from outside hence resorted to recruit family members and share ownership with other family members when they intend to expand. The finding is also consistent with La porta (1999) who indicates that the parent-owner ownership structure constitutes the most dominant ownership form in many countries where investor protection is minimal and the United States of America.

4.13.3 Modern Family Conglomerate Ownership Structure

Some of the respondents also disclosed that the complexity of the business field or the technical nature of business activities determined the nature of ownership and governance structures needed. Therefore, they needed to recruit competent people in top managerial position, but not necessarily family members. They indicated that control and ownership in this case still remain with founders and the family, but recruit other professionals’ managers into key positions and boards. Merit and qualification form the basis for hiring and promotion in these family firms. The following quotes are evidence that supports it.

A respondent from FOB M:

“...the family has businesses in these areas; banking, education and training, media and telecommunication. We followed the Bank of Ghana requirement for recruiting CEO and board members. ”

A respondent from FOB: I

“...competent people with experience and professionals skills are recruited into management and board to handle the businesses activities here other businesses that belong to us. The key requirement for recruitment is qualification (ability to perform and loyalty). In this regard, the position of managing director and general manager is occupied by competent non-family members who also serve on the board”

A respondent from FOB E:

“...We look out for people who are honest, modest with no record of bad behavior that has been recommended to us by referral through friends and people who are well known to us. However, professional and talented family members are more preferred over the non-family member. Both recruitment and promotion are merit-based”.
The finding confirms Bourdieu’s concept of field determining the ownership and control of the modern conglomerate form of ownership structure. This is because the family business that operated in the banking sector needed to abide by the rules and regulations established by the Bank of Ghana. In this case, economic capital determined the ownership but the control aspect was determined by the laid down rules and regulations of the field aside from the economic capital. This is also in line with Suehiro and Wailerdsak (2004) who indicated that serious family businesses recruit professionals to manage their firms rather than recruiting ordinary family members to control the affairs of these businesses.

4.13.4 Multiple Families’ Ownership Structure

A respondent indicated that the family business was owned by two separate families. Thus, his family and that of his friend came together and formed that business organization. He narrated that they needed to go formal by documenting everything in blueprint as a policy to avoid differences in ideologies or goal that breed conflict in family firms.

A respondent from FOB K:

“we own 50% of the shares and my friend’s family holds the remaining 50%....”

The findings confirm a study by Pieper, Smith, Kudlats, and Astrachan (2015) on companies managed and owned by multiple families which revealed that multiple family firms are relatively less common and more complex than their counterparts that are owned and managed by a single family. For all the sampled firms the study finds only one firm to exhibit this ownership structure. This clearly shows why there is still limited knowledge of understandings of multiple family ownership types as they are relatively rare to come by. Pieper et al. (2015) discovered that governance rules and processes at the early stage of development of these family firms were imprinted and stamped by founders as this was the
only way to succeed. The evidence also supports Bourdieu’s social capital in which friendship network brings two families’ together to own and coordinate the activities and resources of the business.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
This chapter presents the summary of the findings, conclusions and recommendations. The implications and recommendations of the study to theory, policy, practice and future studies are also provided thereof.

5.1 Summary of the Findings
This thesis sought to achieve the following objectives: to examine the nature of governance structures in Ghanaian FOBs; to explore the role of the family in governance regarding FOBs in Ghana; to examine the nature of family business ownership structures in Ghana. Fifteen Ghanaian FOBs (15) and twenty (20) respondents purposively selected and interviewed from these businesses constituted the sample for this study. The findings follow immediately.

Research objective one examined the nature of governance structures in Ghanaian FOBs. The study revealed that the board structure of a family-owned business in the Ghanaian context takes the form of either tacit social board structure or the formal board single-tier board structure. These findings suggest that a board can be implicit or explicit depending on the field of the business. Thus; the actions and inactions of the actors involved in the family and business (ownership structure), the size and complexity of the firm, industry or market in which the company operates, the historical, legal, political and economic system of the country and social relationship between family members determined how these board structures were formed. The study also confirms that in many cases, the top management position (e.g. CEO position) in FOBs in Ghana was occupied by family members (male founding owners) due to the power embedded in possessing economic capital (financial and majority of share ownership) in family business, except only in few cases that female
founding owners and non-family CEOs with cultural and social capital were considered. It was also discovered that the status and powers of the CEOs were also influenced by tradition (religiosity and culture) of the owners of the family firm. The mounting evidence of the interview data also confirmed the existence of family meeting governance structure usually held at a dinner, an informal get-together or bedtime, on social media (e.g. WhatsApp chats and, or through conference calls held on the phone to discuss issues goals, policies, procedures, and ideologies that can affect the family business decision making. It was also discovered that special governance committees were established as a way of meeting the requirements that led to the registration and operations of the corporations. This finding suggests that audit committees and external auditors are overlooked in family firms because key positions are occupied by key family members and trusted friends of the owners. The finding also flags on the issue that some family corporations operate in unregulated business fields and that they derived their internal rules and regulations from traditional and spiritual sources to control and direct their organisations. It was also revealed that Statutory, regulatory and institutional corporate governance mechanisms also influenced the governance systems in some family business fields. The study revealed that major decision making in many cases is concentrated in the hands of founding owners, especially founding CEOs, with little or no advice from family, friends and experts. It was however discovered that those family businesses that operated in the regulated fields had well-laid down decision-making structures. But the frequency of meetings and interactions were dependent on each of the companies’ regulation, the urgency and the nature of the issues to be discussed. This suggests that there may not be a meeting or interaction for some boards if there is no emergency arising. Again, minutes or records of proceedings at meetings were sometimes not taken but kept in the memory traces, and also those taken were also not distributed back to the participants but kept till the next meeting. The study also revealed that cultural capital is not
enough to earn someone an appointment into a position in the family business in the Ghanaian, and having economic capital (financial or shareholding) and social capital (respect, friendship, a mutual acquaintance, fame, trust and social networks of relations) were also key determinants of appointments.

The second objective of this thesis explored the role of the family in governance regarding FOBs in Ghana, it was established that capacity building was one of the critical roles of the family towards a good system of governance in family firms in Ghana. This finding suggests that the family deliberately nurtured and developed the human capital to improve transparency and accountability in family businesses. The motivations behind this move were to develop financial and business issues literacy, to support the younger and prepare them for succession, developing the interest to learn was natural, and develop the potential to steer the overall affairs of the company as it expands. It was also established that setting the right tone of organizational culture and climate for governance at the top management in the family business was the role of the family since topmost positions in family firms are occupied by members of the family. Further, the study established that regular education as well as family socialization by way of mentoring and coaching of employees and family was a move towards building relational asset for the transfer of organizational memory and knowledge since the family in many cases presided over the appointment and development of people for or into both formal and informal governance structures such as board, committee, and the council. It was discovered that in many FOB cases accountability was only following the bottom-up approach. Financial statement accountability was only necessary for many cases in times of filing tax returns. Again, the study finds that building consensus and trust relationship among people involved in the family, board, management and business is a role of the family towards a good system of governance. It was discovered
that the family in its attempt to achieve a positive image and good name through its actions within the community in which it operates, execute symbolic social duties or corporate social responsibility activities or projects by giving donations to hospital, schools, prisons, orphanages, building police stations, markets and other community-related projects. The study also finds that the family determined the succession in management and ownership. It was however established there was no clearly written policy on ownership succession.

The third objective of this study sought to examine the nature of business ownership structure FOBs. The study finds a parent-owner or closed family business ownership structure with general control in terms of ownership and management being concentrated in a single family with one particular person acting as the majority shareholder or the bankroller, head of the family and Chief Executive officer of the business as well. The study also discovered evidence of an authoritarian conglomerates business families’ ownership structure in which families had owned one or more businesses that operate in related or unrelated markets or businesses over time as ways of reducing risks or taking advantage of tax incentives by having mixed business portfolios. But control under the authoritarian family conglomerates ownership structure or business families’ ownership structure still remains with the owning family with difficulty in recruiting non-family members. The study discovered the modern family conglomerate ownership structure with many related or unrelated businesses managed by professionals. Finally, the study finds evidence of multiple families’ ownership structure of a business owned by two separate families.

5.2 Implications of the Study Findings

The study provides new and timely understanding and support into the corporate governance literature, thus, governance systems in the field of family businesses; nature of governance
structure, the role of the family in family business governance and the nature of ownership which affects governance systems. For example, businesses family that operate in different business fields; varied institutional and industrial sectors requires a governance structure that takes care of diversified stakeholder groups.

The implication of the findings to practice is that for FOBs to survive over several generations, they need to establish and comply with the appropriate governance structures as suggested by IFC (2011). Further, the study has implication for practices in FOBs by unveiling the governance structures and how the field of operation, economic, social and cultural capital determines the institutional and industrial governance systems in family firms. This means that field and the power embedded in social relations, financial resources, shareholdings, rules and regulations established by supervisory bodies are critical in shaping corporate governance practices in FOBs through the appointments processes. The findings also suggest that family businesses seem to be relaxed on the implementation of the statutory, institutional and industrial framework with exception of those that are related to taxation. However, they tend to be serious with the implementation of self-developed internal rules and regulation. Another implication is that CEO-domineering is very high in FOBs but linked with much economic capital and male preference. Again, social and cultural are necessary when it comes to appointment and promotion in FOBs. Trust developed through networks of social relationship leads to shared vision and knowledge towards building a good system of governance. Another implication is that some FOBs implement governance structures to comply with regulatory and supervisory requirements. Thus, FOBs that are still in the first generation have structures that are evolving and those in the second generation and more generation have distinct structures. However, the choice of a governance structure and the functioning of governance systems are determined by the field and not the number of generations that are involved in the business.
The study has an implication for policy; in particular how policymakers should consider incorporating traditional and spiritual sources of governance rules and regulations into corporate governance structures or mechanisms. Again, it has an implication for policymakers to consider how field, capital and habitus influence corporate governance practices in family firms, especially for the different forms of ownership structures.

The implication of the study findings to academia is perhaps inscribed in its ability to have used Bourdieu’s (1972) theory of practice to examine the governance systems in the organizational level (FOBs). This approach, with specific emphasis on the concepts of field, economic capital, cultural capital, social capital and habitus, provides an understanding of how these concepts are related to determining the corporate governance practices in family businesses.

5.3 Conclusions

The study examined the governance systems in Ghanaian FOBs. Therefore, the examination of the nature of governance structures in Ghanaian FOBs brings to light that boards can be tacitly formed in FOBs by deference and inference: that is social board structures are implicitly formed through the actions and inactions of the family members without their awareness. This brings new insight into family firms’ corporate governance since prior studies (Anderson & Reeb, 2004; Bammens et al., 2010; Bhatt & Bhattacharya, 2017) have focused on only formal boards structures and their attributes (size, composition, gender diversity) that affect family firms performance, neglecting how boardroom decisions and performance of FOBs are affected by informal social structure which is formed by deference or implicitly. The study highlight the existence of a formal single board structure formed in compliance with field of business operation. The study also draws attention to the fact the nature of corporate governance rules and regulations in family firms are affected by
traditional and religious beliefs. This brings insight into the prior understanding of corporate governance principles in family businesses which were based on those recommendations of best practices of the corporate governance outlined by the 1992 Cadbury Committee. Also the establishments of the Companies Code 1963 (Act 179) of Ghana, and the rules and regulations of other regulatory bodies such as the Bank of Ghana: Banks and Specialised Deposit -Taking Act 2016 (Act, 930). The study also concludes that cultural capital alone is not enough to earn someone an appointment onto the board and/or the CEO position and involvement in decision making, but should be complemented with relational and economic capabilities. Thus, social networking, social relations, shareholdings and financial resources determine the appointment of board members and CEOs, boardroom decision-making processes and board composition in family-owned firms.

Further, examination of the family in FOBs governance in the Ghanaian context concludes capacity building (human capital development), symbolic CSR and sustainability, building consensus and trust relationships, and setting the appropriate tone for organisational culture and climate are the key critical roles that successful FOBs leverage on to build tick family businesses.

Finally, examination of the nature of ownership structures FOBs in Ghana conclude the ownership structures take these forms: Authoritarian conglomerates business families’ ownership structure, Parent-owner ownership structure, the modern family conglomerate ownership structure and the multiple families’ ownership structure. The findings on ownership conclude that the nature of family ownership structure determines the roles and the nature of corporate governance structures that are needed by family-owned businesses. Thus, the more diversified a family firm is, the more complicated the corporate governance becomes. However, the governance structure and roles can either be explicit or implicit.
5.4 Recommendations

With respect to the provoking and insightful findings of the study, the following are recommended:

1. The government as the enforcer of rules should pay particular attention to family businesses as the family nature of the business can lead to subversion of regulation to protect the family. The case of Unibank Ltd can used to illustrate this recommendation. Also, regulators need to give additional attention to the unique cultural and contextual setting of the family companies for policy considerations.

2. Boardroom decision making affects family unity and business performance. Therefore, decision-making processes in family-owned firms, especially those with the tacit social board structure should be a two-way affair; between the founding owner CEOs and employees. The CEO should consult and involve other family members and employees to share their ideas in the decision making to avoid the unilateral altitude of the CEO since that is not good for boardroom decision making for effective corporate governance.

3. FOBs should pay attention to the development of human capital in their attempt to have better strategies formulated and implemented for FOBs’ governance in the turbulent and ever-changing business environment; since governance is not only about setting up structures, but competent people have to be recruited into various structures.

4. Consensus building and trust are instrumental ingredients for building good governance; hence it should be a priority of the family towards building good governance in FOBs.
5. There should be a continuous education and sensitization by NBSSI to enlighten FOBs and SMEs on the need to comply with statutory, institutional and industrial frameworks, and not just having them as a way of meeting the requirements to obtain permission to operate.

6. The government and the Association of Ghana Industries (AGI) should partner to empower the formation of FOBs association and consider granting tax and concessionary incentives to these businesses since they constitute the dominant form of business ownership. This will facilitate the Government of Ghana policy agenda towards the reduction of graduate unemployment as well as provide a database for FOBs in Ghana.

7. Recruiters of FOBs should consider a right mix of cultural and social capital before appointment since these are keen in family business governance. Thus, competent and capable people who can perform the liaison role within and outside the organization should be recruited.

5.5 Limitation and Implication for Future Study

The study has an implication for future studies. Thus, despite the insightful and provoking findings of this thesis, it is not exempted from limitations just like any other study of inquiry. The findings of the study apply to only family-owned businesses hence; it may not be applicable to other non-family private business organizations as well as state-owned enterprises in the country, limiting its generalizability. Also, the findings of this study are based on empirical evidence obtained from only fifteen (15) FOBs in the country. Perhaps, these FOBs could probably be those that exhibit a uniform system of corporate governance and hence the findings may not be generalised to cover FOBs that did not participate in the study. Also, the application of Bourdieu’s concept of capital without symbolic capital and his other lines of ideas such as doxa and symbolic violence may limit the general application of
the Bourdieusian Ideology. Therefore, future study can consider adopting Bourdieu’s ideas of field, capital, habitus, doxa and symbolic violence to examine the governance practices in public-private partnerships (PPP) organisations or arrangements in Ghana. Further study can also use the ideologies of Bourdieu to conduct a comparative study on FOBs governance systems in more than one Africa country to find out if the governance practices will differ from the findings of this study.
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Dear Sir/Madam,

I am Iddrisu Sulemana, undertaking a study leading to the award of Master of Philosophy (MPhil) in Accounting at the University of Ghana, Legon, Business School. This study solicits your views about how your business organization is governed (Directed and Controlled). If a question does not apply to you, you may leave it unanswered.

I would appreciate any assistance that can be given to me to enable me to collect data/information by providing the necessary responses to these questions outlined below. This is purely an academic exercise and any information given would be treated as confidential. But before I start I need to seek your permission and time to go ahead.

Asset size of Firm/ Company:

Participant:

Industry Sector:

Employee’s experience (years):

Year of Foundation:

1. How is your business activities directed and controlled? Why/ How
2. What is the background and qualification of the CEO, and General and Managing director?
3. How are the legal, regulatory and institutional frameworks governing the business organization?
4. Do you have a board of directors or a governing council?
5. How are members of the governing board/council or board of directors appointed?
6. How is the board chairman or chairperson appointed?
7. What is the background and qualification of the board or the council members?
8. Do you have board meetings? How often are meetings held?
9. How is the board or council minutes were taken or distributed? Why do they distribute them back or not to distribute?
10. Do you involve experts when taking business decisions? why/ how
11. Do you consult family members if you want to take an action? Why/ how
12. What kind of tasks does a family have in your family firm governance? How are these tasks performed?
13. How is the nature of ownership in your family firm?

THANK YOU FOR YOUR TIME!