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Investigating the Link among Corruption, Corporate Governance and Corporate Performance in Family Businesses: A Future Research Agenda

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Abstract: Family businesses have distinct characteristics that differentiate them from other firms. Researchers must meticulously analyze issues, with a specific focus on the interplay of family business dynamics, considering this factor. The main objective of this research was to provide insight into the adverse effects of family companies, particularly how the power dynamics inside these organizations might enable corruption or fraud and how corporate governance can help in mitigating these phenomena. Specifically, family businesses can be investigated by considering unique characteristics such as ownership and control, generational dynamics, and corporate governance. To address the study topic, a bibliometric analysis was conducted using the R statistical programming language and the bibliometric tools Biblioshiny and VOSviewer. Data were obtained from the Scopus database and examined in documents. The lack of unbiased external evaluation, the ineffectiveness of internal audits, disputes between different generations, the dominance of family members, and the narrow extent of governance all contribute to the exacerbation of tensions that promote corruption inside family firms. Moreover, the findings indicate that CEO duality correlates with the occurrence of corruption and fraudulent activities, such as manipulating profits. Furthermore, the findings suggest a correlation between the qualities of the board and instances of corruption and bribery inside family firms. These factors also increase the probability of financial statement fraud.

Keywords: family businesses; corporate governance; bibliometric analysis; corruption; CEO duality

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1. Introduction

Fraud does not differentiate between family-owned, publicly traded, small, or large businesses. Nevertheless, family-owned enterprises encounter distinct obstacles that complicate the process of identifying and discouraging fraudulent or abusive practices (Bannò et al. 2024; Chen et al. 2023). For example, placing trust in a family member could result in a proprietor or partner being oblivious to the related employee's actions and disregarding any red flags that may be raised (Bannò et al. 2024; Varshney 2024).

However, family-owned firms often lack the necessary resources for preventing and detecting fraud. As a result, they often fail to adopt preventive controls or procedures. Additionally, their employees generally lack the requisite technical accounting expertise to identify fraudulent transactions or occurrences. Cultivating trust among family members may have both beneficial and detrimental consequences. Although family members are often the most trusted persons, the presence of opportunities, pressures, and justification of action might suggest the presence of flaws inside the organization. For example, a family member may be experiencing financial burdens such as medical bills, costs related to raising children, or the death of a loved one (Borralho et al. 2022; Gavana et al. 2017).

These forms of pressure have the potential to eventually influence a person to modify their judgment and justify engaging in deceptive action. Fraudulent operations may have far-reaching consequences, going beyond just cash losses and damaging relationships and undermining the fundamental core of these enterprises (Ardito et al. 2024).

Embezzlement, financial statement fraud, and asset theft are the most common types of fraud seen in family-owned businesses. Each occurrence of fraud has the capacity to align with and ultimately lead to another (Huang and Chen 2024; Xi and Wang 2024). Financial statement fraud occurs when an employee engages in theft and manipulates the documented count of stolen products, leading to the establishment of deceptive records. Attaining a thorough understanding of each specific situation is the first step in actively preventing such fraudulent practices from occurring (C. Wu et al. 2024). Embezzlement is the illegal act of misappropriating company funds by a trusted employee who is responsible for keeping financial records and has been given access to the money. Fraud often arises in environments characterized by ambiguous positions and overlapping responsibilities. Embezzlers use the lack of oversight and clearly defined responsibilities, and obtain a position of authority, eventually leading to substantial financial losses (Y. K. Choi et al. 2024; Ruey-Jenn et al. 2024).

Moreover, financial statement fraud is a kind of corruption that may take place inside family companies. This kind of fraud happens when those in positions of authority and responsible for maintaining records deliberately manipulate the financial records and statements to provide a more favorable representation of a company's financial health. The primary motivation of fraud perpetrators is to hide any indication of financial losses on their statements. However, family-owned businesses may also attempt to attract new investors and creditors to falsely inflate their assets and decrease their liabilities. The deception involves intentionally providing false information to investors, creditors, and even family members on the true level of profitability of the company.

In order to mitigate the corruption and fraud phenomena, the development of a strong and dynamic corporate governance is required (Souguir et al. 2024). Effective governance policies may have a substantial influence on an organization's capacity to mitigate the risk of fraud and corruption. Establishing explicit, documented rules, processes, and protocols is crucial for ensuring that all members of an organization have a comprehensive understanding of their responsibilities regarding financial reporting and compliance. In addition, effective governance measures may proactively deter fraudulent or corrupt behavior by establishing explicit position definitions, implementing rigorous supervision, and removing potential avenues for exploitation (C. Wu et al. 2024). Moreover, these approaches promote openness and accountability inside the organization. Additionally, they aid in identifying any dubious or anomalous behavior prior to it being expensive or detrimental.

The present research aims to examine the impact of corruption on family companies and the effectiveness of corporate governance in addressing these various issues. There is a scarcity of research that examines the occurrence of fraud inside family firms, despite their distinctive qualities and the close familial ties among the leaders. The new study highlights the key features that might promote corruption in family firms, such as CEO duality, which can result in profit manipulation. To address the study issue, we used bibliometric analysis, using the R statistical programming language and the bibliometric tools Biblioshiny and VOSviewer. For this study, a total of 217 research papers were obtained from the Scopus database and examined. Findings of the current study focus on the function of leadership that should be clearly defined in family enterprises. Specifically, it is essential for every corporate operation to have a well-planned strategy for the future, regardless of whether it involves the abrupt acquisition of a new function or a planned change, to be prepared for any unforeseen circumstances. An effective succession plan is comprised of a strategic strategy to resolve and close skill and competency gaps, as well as an assessment of these gaps. Furthermore, this will enable shareholders and other stakeholders to express their interests, objections, and other concerns, while simultaneously guaranteeing that corporate communication is transparent and unambiguous. Also, another important result is that of building trust, as numerous critical positions are frequently impacted by favoritism and nepotism. To underscore the family's commitment to ethical and professional business operations, it is essential to enhance the transparency of governance processes. This incorporates the distinction between family protocols and corporate by-laws. Clear boundaries must be established for family protocols and corporate by-laws, as these operational rules possess unique characteristics and must not be in conflict. The family protocol is a code of conduct that is established by family members, either independently or with external guidance, to ensure that the interests of the family are in alignment with those of the company.

The structure of this document is outlined as follows: Section 2 provides a review of the existing literature, Section 3 outlines the materials and techniques used, and Section 4 shows the findings of the bibliometric analysis. Section 5 provides an analysis of the findings and suggests potential areas for further study, as well as limits and consequences on both a theoretical and practical level.

2. Literature Review

What drives some organizations to engage in illegal and unethical practices? According to anomie theory, Martin et al. (2007) found that the levels of ambition, group loyalty, and compassion in a society affect the amount of bribery carried out by companies (Martin et al. 2007). In their study, Zhou et al. (2013) suggested that firms are less inclined to participate in bribery when they view the government to be trustworthy and consistent, since they may have frequent interactions with government officials (Zhou et al. 2013). According to Xu et al. (2019), organizations that are not operating well are more likely to participate in bribery since they prioritize finding immediate solutions for pressing problems (Xu et al. 2019).

These studies have only examined the willingness aspect of corporate bribery. Zyglidopoulos et al. (2019) identified two essential conditions for organizations to be involved in bribery: the propensity of their leaders to partake in bribery and the organizational capability to execute such activities. A critical factor in an organization's ability to participate in bribery is its skill to reduce the chances of being discovered, for example, by hiding illegal acts or making them difficult to trace. Companies that are unable to hide their illegal activities, regardless of their desire to do so, will be discouraged by the potential negative consequences of being caught, such as damage to their name and image, or even imprisonment. Previous research that only investigates the inclination to participate in bribery has not comprehensively grasped the intricacy of corporate bribery (Ragazou et al. 2022; Sarhan and Gerged 2023). Consequently, this research has generated erroneous forecasts, such as overestimating the probability of bribery for companies with minimal capacity to engage in bribery or underestimating it for companies with significant bribery capability.

However, the role of family businesses in corruption and fraud decision-making in combination with corporate governance as way to mitigate such phenomena is still unexplored by the research community. Family companies are particularly susceptible to being targeted by insider fraud. This is due to the confidence that is often placed in workers, which provides them with the chance to engage in fraudulent activities (Ramos et al. 2024). Specifically, an employee can use the confidence bestowed upon by the company for personal financial benefit, mostly via embezzlement or the improper handling of assets. Nevertheless, a portion of the above situations have focused on instances of fraudulent activities perpetrated by a family member who held positions as both an employee and a co-owner inside the company (Lucey et al. 2023; Oluseye 2024). When a family member engages in fraudulent behavior, it not only results in financial loss but also has a profound influence on all family members, regardless of their involvement in the company (Fathallah and Carney 2024). This might possibly alter the dynamics of the family permanently.

Hence, it is essential for all corporations, particularly family-owned enterprises, to adopt proactive steps to discourage fraudulent activities. If the introduction of these measures results in adverse emotional reactions or a loss of confidence among family members, it is crucial to provide instruction on efficient company methods, rules, and processes (Oluseye 2024). This will aid their comprehension of how these steps are designed to protect the family's main asset, which is often the company itself. If there is ongoing resistance to these proposals, it is imperative to thoroughly assess whether the parties should participate in or sustain their economic connection.

Corruption and Firm Performance

The findings of a critical literature review indicate that the influence of corruption on firm outcomes is inconsistent. Although certain studies have concluded that corruption is detrimental, others have demonstrated that it is beneficial for performance (Abuzayed et al. 2024; Cuervo-Cazurra 2006; Sargiacomo et al. 2024). These ostensibly disparate results may be attributed to the fact that this relationship is more intricate and contingent upon the entrepreneurs' agency. We contend that entrepreneurs must have institutional networks to derive value when they engage in corruption. Institutional connections provide firms with three advantages in deficient institutional environments. Institutional networks can provide valuable resources that are essential for the expansion of firms, particularly in environments with weak institutions and less transparent bureaucracies. Initially, this is the case. Secondly, institutional networks expedite the approval procedure for the consumption of essential services (Hao et al. 2021). As a result, entrepreneurs who seize this opportunity may expedite the market entrance of their organizations (Liu et al. 2023; Ullah et al. 2023).

Finally, and perhaps most importantly, these connections ensure that entrepreneurs' payments to "grease the wheel" are not misappropriated by opportunistic actors. This is because entrepreneurs who can establish positive relationships with institutional affiliations can create a trust-based network and ensure that the other actors conduct in a manner that is beneficial to the firm. Corruption can flourish in an environment that is defined by robust connections and relationships (Afonso et al. 2022; Harring 2014). The development of trust through the establishment of strong relationships with network connections has a positive impact on the performance of firms, as indicated by prior research.

3. Materials and Methods

This study used a bibliometric approach to carefully evaluate articles in order to discover recurring themes, limitations, and emergent subjects. Through the use of bibliometric analysis, one may ascertain the current state of research and identify highly regarded academic journals, publishing corporations, or authors within the field. By using the bibliometric approach, one may examine corruption in family companies and explore how corporate governance can help reduce such occurrences (Cui 2018; Tan et al. 2023). This technique provides a comprehensive grasp of the academic discipline and enhances comprehension. This study utilizes an examination of aggregated literature data obtained from databases such as Scopus, Web of Science (WoS), and Google Scholar. In recent years, there has been a significant increase in the use of quantitative and bibliometric methods to evaluate research output. An evaluation technique should undergo comprehensive examination to evaluate its efficiency, validity, and reliability (Ragazou and Sklavos 2021).

The data used in this study were acquired from Scopus in March 2024. Scopus, established in 2004, is a prestigious bibliographic database. The collection contains abstracts and citations from renowned scientific publications. The database contains a collection of 36,377 titles obtained from 11,678 publishers. The data for this inquiry include distress, nurses, digital training, and post-partum depression. Table 1 outlines the process for doing keyword searches.

Furthermore, the PRISMA flow diagram in Figure 1 visually represents the crucial stages in the process of choosing a dependable set of articles for bibliometric analysis (Figure 1). The search query for the collection yielded 627 sources, which were further reduced to 412 by only selecting articles. Afterwards, a comprehensive analysis was conducted on 367 papers to eliminate any that appeared irrelevant or had a broad focus that was not suitable for this study, which specifically aimed to investigate the influence of corruption on family companies and the efficacy of corporate governance in addressing these concerns. After the first review of the selected papers, it was discovered that several of the selected sources do not clearly indicate the dimensions and characteristics of the studied region in the title or keywords. As a result, the search criteria were adjusted to only include articles that are directly related to the present study topic, therefore removing any references that are not relevant. After using this filtering approach, a total of 217 scientific articles were retained and included in the bibliometric analysis.

Table 1. Keyword search formula.

Step	Keyword Search
1	((“family businesses” AND “corruption”))
2	((“family businesses” OR “family ownership”) AND “corruption”))
3	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud”))
4	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”))
5	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”) AND “corporate governance”)
6	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”) AND (“corporate governance” OR “governance”)
7	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”) AND (“corporate governance” OR “governance”) AND “family members”)
8	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”) AND (“corporate governance” OR “governance”) AND (“family members” OR “family executives”)
9	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”) AND (“corporate governance” OR “governance”) AND (“family members” OR “family executives” OR “family board members”)
10	((“family businesses” OR “family ownership” OR “family firms”) AND (“corruption” OR “fraud” OR “bribery”) AND (“corporate governance” OR “governance”) AND (“family members” OR “family executives” OR “family board members”) AND (LIMIT-TO (DOCTYPE, “ar”)) AND (LIMIT-TO (PUBSTAGE, “final”) OR LIMIT-TO (PUBSTAGE, “aip”)) AND (LIMIT-TO (SRCTYPE, “j”))

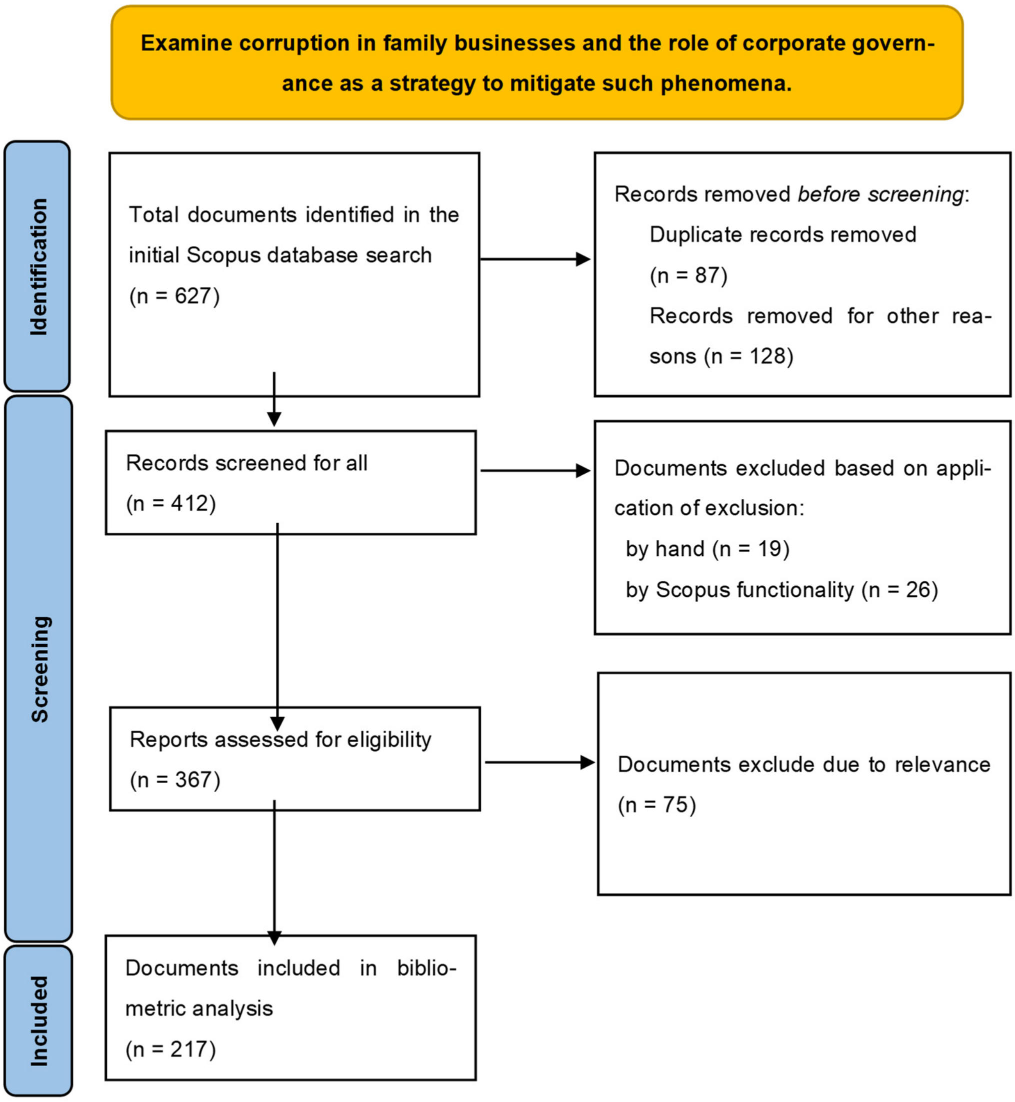

Figure 1. PRISMA flow diagram method.

4. Results

The present bibliometric study, as stated in Section 3, covers the time span from 2006 to 2023. Figure 2 displays the yearly output of primary publications pertaining to corruption in family firms and the significant influence of corporate governance. According to the figure, there is a consistent growth in yearly output from 2006 to 2017. However, in 2018, there was a significant and abrupt surge, more than double the previous year's figure. The highest point of output was seen in 2023.

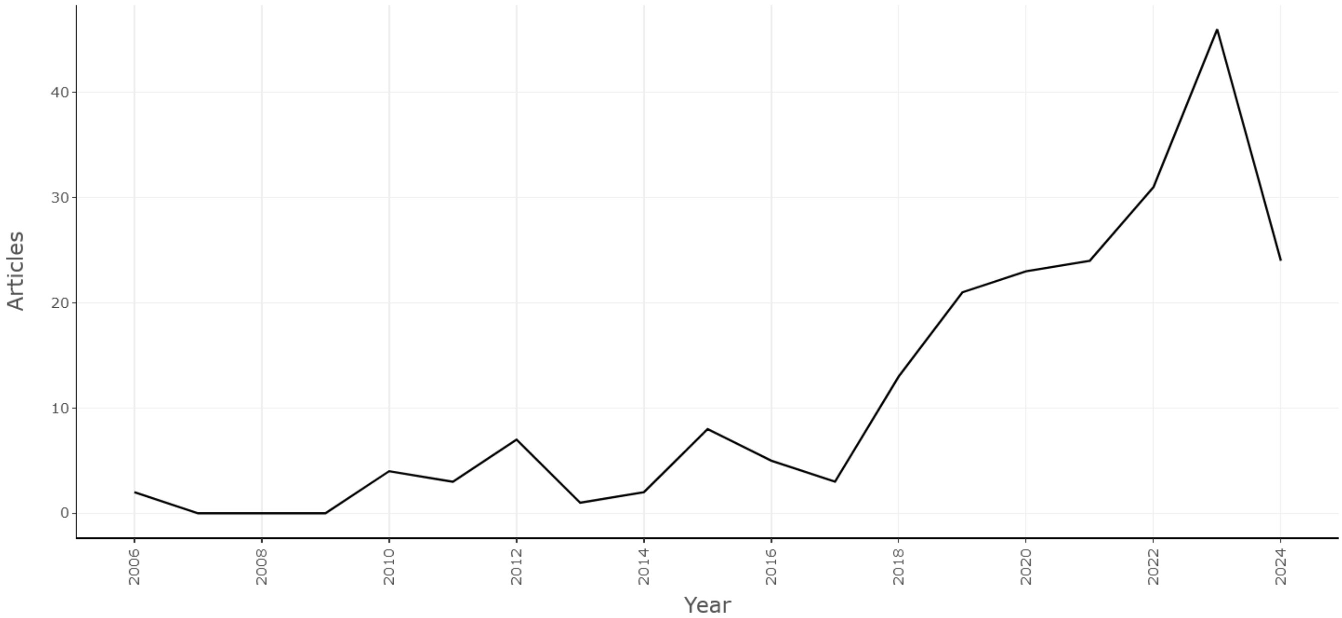

Figure 2. Annual production of original articles on the field under investigation.

Nevertheless, most of the research articles produced over this period (as shown in Table 2) have been published by *Corporate Governance*, a journal that encompasses a wide range of significant debates and breakthroughs in the field of corporate governance on a worldwide level. The *Journal of Business Ethics* is ranked second in the table, with eight articles. *Corporate Governance: An International Review* and *Journal of Business Research* are tied for third place, with seven publications each. The list concludes with the *Asia Pacific Journal of Management* and the *Journal of World Business*, both of which have published six research articles each on the subject being investigated in the present study.

Table 2. Most relevant sources.

Sources	Articles
Corporate Governance (Bingley)	11
Journal Of Business Ethics	8
Corporate Governance: An International Review	7
Journal Of Business Research	7
Asia Pacific Journal Of Management	6
Journal Of World Business	6
Journal Of Family Business Strategy	5
Entrepreneurship: Theory And Practice	4
Family Business Review	4
Global Strategy Journal	4

Additionally, the paper with the most citations in the research field (Table 3) is titled "Corporate Governance Structure and Performance of Malaysian Listed Companies", which was published at the beginning of our research (2006) and refers to the role of the board size and how it is associated with both market and accounting performance measures. In addition, the article shows a significant relationship between multiple directorships and market performance while role duality and managerial shareholdings are significantly associated with accounting performance. Thus, this research work indicates the role of CEO duality, which over the years has been strongly associated with the development of corruption phenomena in family businesses. Moreover, seven years later from the previous publication, another research work titled "Does Corporate Governance Influence Earnings Management in Latin American Markets?" tries to examine the correlation between government effectiveness and earnings management behavior. The authors have shown that implementing measures to reduce corruption, promote the rule of law, or improve government performance has policy consequences, since it results in a decrease in corporate profit management.

Table 3. Most relevant publications in the field under investigation.

Paper	Total Citations	TC per Year
Corporate Governance Structure and Performance of Malaysian Listed Companies	551	29.00
The Adolescence of Family Firm Research: Taking Stock and Planning for the Future	352	27.08
The role of informal institutions in corporate governance: Brazil, Russia, India, and China compared	284	20.29
Family firms in the global economy: Toward a deeper understanding of internationalization determinants, processes, and outcomes	264	37.71
Management research and the UN sustainable development goals (SDGs): A bibliometric investigation and systematic review	261	52.20
Does Corporate Governance Influence Earnings Management in Latin American Markets?	220	20.00
Seeking Legitimacy Through CSR: Institutional Pressures and Corporate Responses of Multinationals in Sri Lanka	156	17.33
Political activity and firm performance within nonmarket research: A review and international comparative assessment	149	14.90
Influence of Family Involvement in Management and Ownership on Firm Performance: Evidence From Poland	138	9.20
Harmony, Justice, Confusion, and Conflict in Family Firms: Implications for Ethical Climate and the "Fredo Effect"	129	9.92

Figure 3 displays a three-field plot using a Sankey diagram, illustrating the links between nations, institutions, and publications. The height of the rectangular nodes in the cooperation network is directly related to the frequency of occurrence of a certain nation, institution, or publication. The thickness of the lines connecting the nodes is directly proportionate to the number of connections. The figure highlights the importance of corporate governance in mitigating corruption phenomena in family businesses.

Additionally, Figure 4 displays the research topics derived from the bibliometric analysis. Each cluster in the graph represents a specific study subject, and the size of the clusters indicates the proportionate number of terms associated with each theme. Furthermore, it should be noted that each quadrant symbolizes a distinct study subject. The quadrant located in the upper-right position of the picture depicts the motor themes, which are distinguished by their great centrality and density. The quadrant in the upper-left position of the thematic map represents niche topics, which are characterized by low centrality and high density. In addition, topics located in the lower-right position of the thematic map are referred to as fundamental themes. On the other hand, the lower-left quadrants indicate developing themes, which are characterized by low centrality and density. The thematic map reveals that family firms are very susceptible to corruption, particularly in relation to earnings management. Specifically, niche themes suggest that CEO duality can contribute to the emergence of corruption problems in a family firm. The correlation between CEO dualism and inadequate disclosure supports the findings that can lead to the development of corruption and fraud issues in a family firm. Regarding this matter, it may be supported that the lack of distinction between decision control and decision management diminishes the clarity and openness of the board. Also, there is the potential to diminish the system of checks and balances, ultimately decreasing the inclination to provide information (Fathallah and Carney 2024; Ramos et al. 2024).

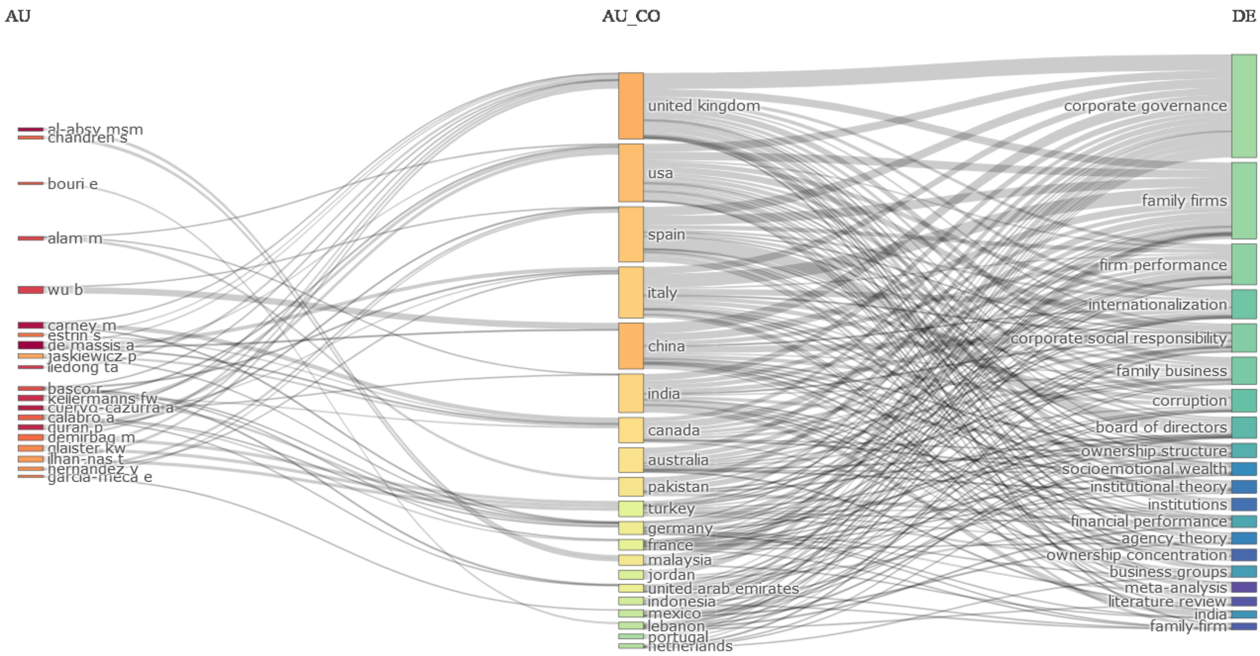

Figure 3. Sankey diagram.

On the other hand, independence of board directors seems to be a way to prevent or mitigate corruption phenomena in a family business. Independent directors have a crucial role in overseeing the management and addressing agency problems. Independent directors have the responsibility to protect the company's overall interests and consider the legitimate rights and interests of minority shareholders. Fama and Jensen further highlight that a crucial role of the board of directors is to oversee the company's activities on behalf of shareholders. Independent directors are typically seen as more effective supervisors within a board because of their greater independence (Mefteh-Wali and Hussain 2024; Xie et al. 2022). They are also believed to be more capable of promptly identifying issues within the company, particularly those related to financial statements. Hence, it is anticipated that independent directors would identify any possible instances of financial fraud inside the business and implement appropriate steps to safeguard the rights and interests of minority shareholders, while also considering the potential legal consequences and damage to the firm's image. Thus, independent directors have a beneficial impact on company governance.

Also, Figure 5 provides further evidence of the significant connection between corruption and family companies. This diagram illustrates the network visualization created by analyzing the co-occurrence of terms used by the writers. The bibliometric program VOSviewer was used to display the data. VOSviewer is a software tool designed to assist researchers in constructing bibliometric networks and visualizing the associated information. Each circle represents the frequency of recurrence, and the larger the circle, the greater the co-occurrence of writers' keywords. The circles' similar hue signifies the clustering of the keywords, while the lines connecting the circles depict the relationships between the keywords. There was a total of 34 words that were chosen and then separated into five groups, with each cluster being assigned a distinct color. However, within the clusters, the cluster with the blue tint highlights a unique element that is linked to both corruption and enterprises run by families. Our analysis reveals a direct association between political ties and corruption inside family-owned firms. While there are many studies on the effects of political ties on firm performance, there is a dearth of empirical evidence about the impact of political connections on the effect of corruption. Corporations that have political links may choose a distinct approach in dealing with corruption, as opposed to enterprises that lack such connections (He and Kryzanowski 2024). A firm with substantial political connections may gain advantages in a corrupt environment by engaging in practices such as providing illicit payments to public officials in exchange for securing government contracts. Alternatively, it may safeguard itself against corrupt authorities by disclosing information to powerful politicians and law enforcement agencies (Jadhav and Katti 2012; Oluseye 2024).

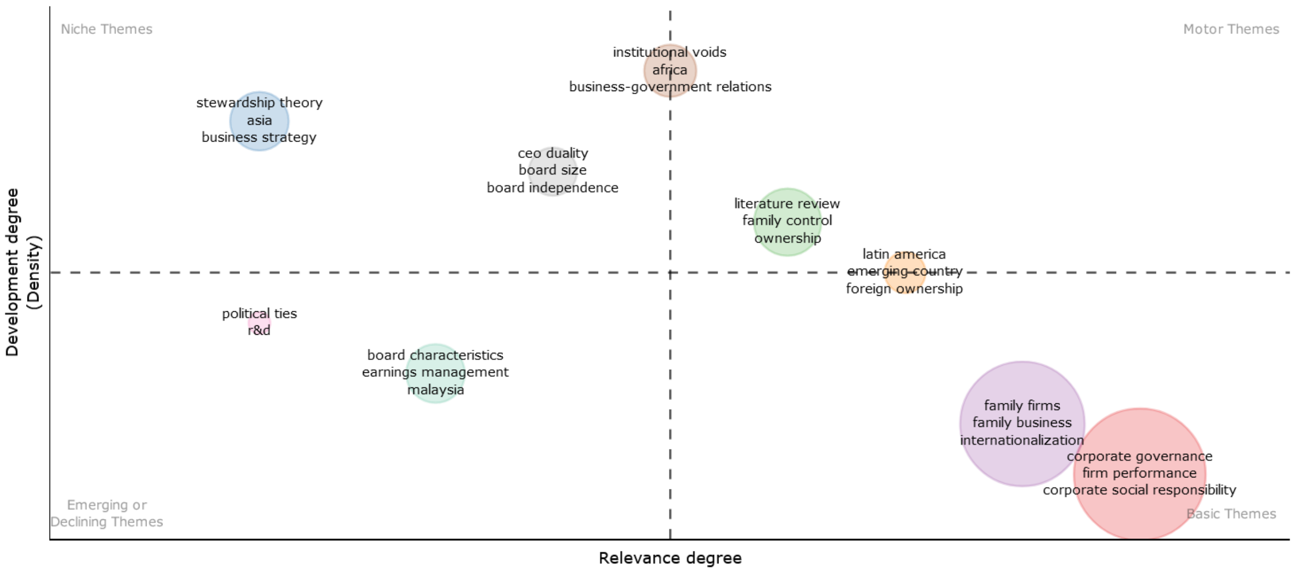

Figure 4. Thematic map.

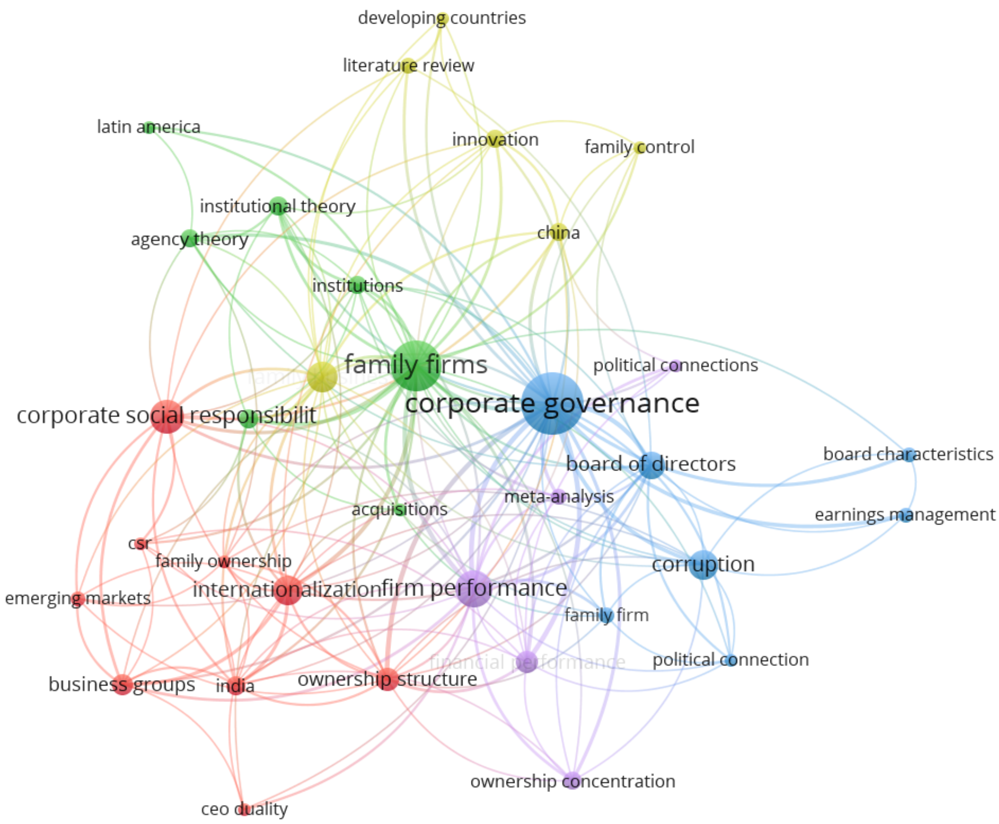

Figure 5. Co-occurrence based on authors' keywords.

5. Discussion and Conclusions

As previously stated, family-owned enterprises are required to comply with and uphold the same corporate governance framework as any other non-family-owned firm or group of organizations. The implementation of a corporate governance structure is crucial for the efficient and ethical operation of any firm (Somboonvechakarn et al. 2022; Thompson et al. 2020; M. Wu et al. 2024). Having a well-structured corporate governance process is particularly crucial for family-owned firms, as highlighted previously in this paper. By adhering to established accounting procedures, the organization may enhance its strength by preparing and disclosing financial statements that exhibit transparency in all activities and demonstrate responsibility to shareholders and other stakeholders. Other crucial steps include the appointment of independent directors, the establishment of a responsible and open board of directors, the regular holding of board meetings, and the implementation of whistleblower policies, among others (Fathallah and Carney 2024). The most prevalent theoretical approaches to the above issues are agency theory and stewardship theory. They suggest that independent directors play an essential role in enhancing the firm's performance. Board independence is necessary to work in the best interest of shareholders, providing particular value when the legal protection of minority shareholders is weak or nonexistent (Morck et al. 2000).

A family protocol is a collection of rules that family members in a family business agree to follow internally. It defines the internal regulations that guide the operation of the firm throughout its existence. Specifically, to ensure sustained profitability and instill more trust among shareholders and stakeholders, family-owned firms should prioritize the following essential factors (Xie et al. 2022; Xu et al. 2024). First, there should be a clear separation between business, emotions, and family connections. The person in charge of the family (and maybe the company) is responsible for ensuring that all family members participating in operating the business have clearly defined roles and responsibilities. Emotions and connections alone are not sufficient to operate businesses. Every member is required to fulfill their function effectively, and it is crucial that each member comprehends the specific expectations placed upon them. Such clarity would not only avoid internal fights and conflicts but also enable firms to prosper and compete globally with other enterprises (Arregle et al. 2024; Duggal et al. 2024; Paganou et al. 2023).

Secondly, family businesses should define leadership roles. A well-developed strategy for the future is crucial for every corporate operation, whether it involves a planned change or the sudden acquisition of a new function, to be prepared for any unforeseen circumstances. An effective succession plan includes an assessment of the skill and competence gaps, as well as a strategic strategy to address and close such gaps. The individual who is most likely to replace the current holder of a position is given a favorable chance to acquire knowledge of confidential information and experience a smooth transition of responsibilities (Bian et al. 2024; Sun et al. 2024). It also helps to eliminate any ambiguity about the presence of natural succession (such as from father to eldest son, and so on) or a well-planned, innovative succession. Additionally, it facilitates shareholders and other stakeholders in articulating their interest, objections, and other concerns, while ensuring that corporate communication remains transparent and unambiguous.

On the other hand, a leader may implement a strategy that contradicts the long-term values of the company. More specifically, according to agency theory, CEO duality can lead to dominance behaviors, reduced company performance, and hindered transparency (Finkelstein and D'Aveni 1994), resulting in the CEO acting against the interests of shareholders and stakeholders (Alvarez and Svejenova 2005). Furthermore, CEO duality enhances top management power, leading to positive earnings management and sustained performance, with family ownership moderately influencing this relationship (Oussii and Klibi 2023). However, family businesses can reduce managerial opportunism due to family involvement (Higgs 2002). When companies are directed by family members, they have inherent incentives aimed at improving the business, which aligns with resource theory that suggests family CEOs may be valuable (Barney 2001). This also converges with stewardship theory, which posits that duality can contribute to better corporate performance and more focused leadership (Anderson and Anthony 1986).

Finally, the principles of democracy should be supported and adopted by the family businesses. To ensure the implementation of disciplined business processes, it is essential to designate directors on the board of directors in family-owned firms via a democratic selection process. For this reason, the corporate governance regulatory framework mandates that companies must adhere to the Board Members Suitability Policy, which aims to ensure the board of directors is formed by suitable persons, with some of them being non-executive directors and some of them being independent directors (Lemonakis 2023). The absence of external independent directors in family firms may not significantly enhance firm performance, as board independence is positively associated with firm success in non-family firms. Independent directors' performance is influenced by the alignment of ownership structure and shareholders' interests (Kallamu 2016), and their contribution is moderated by the firm's generational stage and leadership structure (García-Ramos et al. 2017).

Building trust is crucial since many critical roles are often influenced by favoritism and nepotism (J. Choi et al. 2024; Pereira et al. 2024). It is crucial to maximize the transparency of governance processes to highlight the family's commitment to ethical and professional business operations. This includes distinguishing between family protocols and corporate by-laws. Establishing clear limits for family protocols and corporate by-laws is crucial since these operational rules include unique qualities and must not contradict one another. The family protocol is a code of conduct established by family members, either independently or with external direction, to align the interests of the family with those of the company. However, the company by-laws are a publicly accessible document that is governed by laws. It is often created and refined by attorneys that specialize in establishing the company's by-laws and only prioritize the commercial interests to manage the whole structure of the firm. The family assemblies should not overlap or duplicate the general meetings of the firm, since the family assemblies are often convened to address family affairs, while the general meetings are intended to address business-related problems (Liu et al. 2024).

Therefore, as is presented in this article, corruption has a serious impact on enterprises. Consistent with the agency theory, politically connected firms have lower earnings quality, while family firms have superior earnings quality. Furthermore, family ownership moderates the negative impact of political connections, improving firm earnings (Hashmi et al. 2018), and CEO political connections positively moderate the relationship between CEO power and earnings per share (Aldaoud and Al-Sraheen 2023).

Consequently, corporate governance is essential in family-run enterprises to safeguard the interests of family members and shareholders, ensure fair treatment of family members, preserve power equilibrium and mitigate corruption phenomena. Family-owned firms have distinct problems in comparison to other organizations owing to the inherent control structure of these enterprises. To instill trust among employees and the executives in family businesses, it is essential to have a meticulously organized system of governance and firms must show that established controls are actively implemented (Arduino et al. 2024; Liu et al. 2024).

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