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Board of director in the family business and its impact on socioemotional wealth

Junta Directiva en la empresa familiar y su impacto en la riqueza socioemocional

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ABSTRACT:
This study seeks to determine the impact of the implementation of good corporate governance practices on the family business Board of Directors, observing the impact on the family socioemotional wealth. Using four cases study from family businesses in Colombia-South America, the results show that the implementations of corporate governance practices in the Board of Directors have strong tendencies to preserve the family's socioemotional wealth. Furthermore, unity, honesty, transparency and amity are factors boosting both family and business success.
Keywords: Family Business, Socioemotional wealth, Colombia.

RESUMEN:
Este estudio busca determinar el impacto de la implementación de las buenas prácticas de gobierno corporativo en la Junta Directiva de las empresas familiares, observando el impacto sobre la riqueza socio-emocional de la familia. El uso de cuatro casos de estudio de empresas familiares en Colombia, Sur América, los resultados muestran que las implementaciones de prácticas de gobierno corporativo en la Junta Directiva tienen fuertes tendencias en preservar la riqueza socio-emocional de la familia. Por otra parte, la unidad, la honestidad, la transparencia y la amistad son factores que influyen tanto el éxito de la familia y los negocios.
Palabras clave: Empresa Familiar, Riqueza socio-emocional, Colombia

1. Introduction

Family businesses (FB) [4] are the most predominant form of business organization in the world, and contribute greatly to the creation of global wealth (IFERA, 2003). In the United States, accounting for 95% of all enterprises (Shanker and Astrachan, 1996), produces between 40% and 60% of GDP and accounts for 57% of jobs (Astrachan and Shanker, 2003). In Colombia is estimated to contribute over 50% of GDP and 70% of employment

(Cala, 2005) and represent 70% of the country's businesses (Superintendencia de Sociedades, 2006).

Contributions related to FB corporate governance have grown significantly in the last decade (Benavides Velasco, Guzmán Parra and Quintana García, 2011). One of the topics mostly included in the research on corporate governance is the codes of good governance (Aguilera and Cuervo-Cazurra, 2009), however for FB this topic have not been developed yet.

The codes of good governance include a set of principles, standards or good practices related to internal business management (Gregory, 2002). The research linking good corporate governance practices with socioemotional wealth are scarce. Mitchell, Agle and Wood (1997) suggests that the association of a family with the ownership, governance and management of a company will give it the power and legitimacy to influence on the goals of the organization. Some researchers argue that family involvement will lead to different individual goals and results of organizational performance (Chrisman, Chua and Sharma, 2005; Dyer, 2006), such as family harmony, identity and family social status (Gomez-Mejía, Haynes, Nuñez-Nickel, Jacobson and Moyano-Fuentes, 2007; Zellweger and Astrachan, 2008). In addition, the preservation of socioemotional wealth includes common goals for the family, as the transfer of the company to the next generation (Gomez-Mejía et al., 2007), providing employment to family members (Gomez-Mejía, Nuñez-Nickel, and Gutierrez, 2001), reputation and recognition by the community (Dyer and Whetten, 2006).

Corporate governance is a broad topic within academic research and governance models developed for large public corporations with disperse ownership cannot be automatically applied to the FB context where a wide range of businesses and families add complexity.

The existing FB governance structures with regard to family, ownership and governance play a significant role as they define specific functions, accountability, rights and autonomy. Therefore, when the Colombian FB Board of Director implemented good corporate governance practices, their impact will be reflected in the preservation of the socioemotional wealth.

We contribute to literature by studying first time codes inside the context of FB and provides better understanding of how good corporate governance practices implemented in the Board of Directors can help their survival and successful. The objective of this paper is to determine the impact of the implementation of Corporate Governance practices in the Board of Directors, while observing the impact on family socioemotional wealth.

The remainder of this paper is organized as follows. The second part is dedicated to presenting theoretical framework and derived our propositions. The third part explains the research design and methodology. The cross-analysis are found in the fourth part. Finally, conclusions and limitations are presented.

2. Theoretical framework and proposal development

2.1 Theoretical Framework

This paper has taken the Stewardship Theory as theoretical framework. The model of a man according to Stewardship Theory is based on the assumption that the steward's behavior will benefit the organization because he/she thinks a collectivist behavior has higher utility that an individualistic or self-serving behavior. That is, the steward's collectivist behavior seeks to reach the objectives of the organization (Davis, Schoorman and Donaldson, 1997).

The Stewardship Theory has been identified by researchers as potentially applicable to the FB field because of its management philosophy directed towards participation, solid identification, little use of institutional power, and social and personal growth (Corbetta and Salvato, 2004a; Miller and Le Breton-Miller, 2006; Miller, Le Breton-Miller and Scholnick, 2008).

Researchers conducting investigations on Stewardship Theory assume there is a strong relationship between the success of the company and the principal's satisfaction (Davis, Schoorman and Donaldson, 1997), and this means good alignment of principal's and agent's interests (Jaskiewicz and Klein, 2007)

According to Miller et al., (2008) the Steward (manager) may adopt three common aspects within the FB context; continuity, community and connection. Continuity is related to longevity of the business rather than to long-term benefits (Gómez-Mejía et al., 2007). Continuity leads to community or the creation of a collective corporate culture (Miller and Le Breton-Miller, 2006), and connection is the result of strong relationships with external groups (Gómez-Mejía et al., 2001; Miller and Le Breton-Miller, 2006).

Furthermore, the assumptions underlying the Stewardship Theory are identified with some features or attributes that have been found in the FB. For instance, a high level of commitment (Miller & Le Breton-Miller, 2005), trust between family members (Coleman, 1990) and long-term orientation (Miller & Le Breton-Miller, 2006), among others, are part of the relations among family members, relations between family and business, supporting the implementation of good corporate governance practices that can positively contribute to the preservation of the socioemotional wealth.

2.2 Proposal development

2.2.1 Board of Directors

The Board of Directors (BD) is the most important element in the corporate governance system. Its main function is serving as a link between owners and General Management in order to guide, supervise and advise the relationship the latter has with the other interested parties (Ward and Handy, 1988).

In the FB research context, BD governance matters have received great interest (Hoy and Verser, 1994; Zahra and Sharma, 2004), reflected on the researchers' concerns about survival and sustainability. Similarly, researchers highlight the role of BDs for their potential contribution to business performance and the continuity of FBs (Corbetta and Salvato, 2004a; Lester and Cannella, 2006).

The BD plays an important part in limiting discretion of parents-owners-managers to prevent their self-control issues from undermining the feasibility of the FB (Chrisman et al., 2004; Schulze, Lubatkin, Dino and Buchholtz, 2001).

From the Stewardship Theory perspective, BDs place more emphasis on the Board's advisory tasks than on control tasks (Davis et al., 1997). Researchers have indicated that these Board tasks are characterized by participative management philosophies, strong identification with the company, little dependence on institutional powers, and social and personal fulfillment (Corbetta and Salvato, 2004b; Miller and Le Breton -Miller 2006; Miller et al., 2008).

Studies on the BD mainly focusing on advisory tasks found that the stronger the family's identification and the commitment to the company, most participation of affiliated members on the Board, which is supposed to be an advantage when providing advice, due to the close relationship with the company and the family (Jaskiewicz and Klein, 2007). Additionally, advice provided by the Board members helps to improve quality and commitment to FB strategic decisions (Mustakallio, Autio, and Zahra, 2002).

However, Bammens, Voodeckers, and Van Gils, (2008) use the need for advice provided by the Board as a measure, and find that this need decreases from the first to the second generation (explained by increased experience in family business) and increases again in the third generation (explained by the prevalence of family conflicts). Furthermore, Anderson and Reeb (2004) indicate that families operating under the Agency Theory model tend to appoint affiliated parties as Board members, not because of their qualifications, but because of their lack of independence, which facilitates expropriation of family wealth.

Researchers indicate that control exercised over the Board makes members' intrinsic motivation toward pro-organizational behavior decrease, while opportunistic tendencies increase in those domains not properly controlled (Corbetta and Salvato, 2004b; Davis et al., 1997). Therefore, they place emphasis on the value of Board activities that nurture members and managers and their effort in support of the organization, through one of the most important tasks of the Board: providing advice and counseling (Davis et al., 1997; Sundaramurthy and Lewis, 2003).

Family businesses are less likely than non-family businesses to pursue financial performance as their sole or even their main goal (Chrisman et al., 2003; Gómez-Mejía et al., 2007). Nonfinancial goals or socioemotional goals include among others: preservation of the family-owned business, family employment and family traditions and harmony (Gómez-Mejía et al., 2007; Jones, Makri, and Gomez-Mejia, 2008; Voordeckers, Van Gils and Van den Heuvel, 2007). That is, the ability of Board members to provide resources allowing preservation of the family's socioemotional wealth. In view of the above, the following proposal has been proposed:

P1: The implementation of good corporate governance practices by the Board of Directors helps to preserve socioemotional wealth.

2.2.2. Outsides members

The idea that BD in any kind of company should include outside members, supposedly independent of management, is not new. Moreover, the idea that the Chair of the BD should be an outside member has gained support as an internal management mechanism to guarantee total independence of the Board (Beasley, Carcello, Hermanson, and Lapides, 2000).

Even though the importance of the Board independence cannot be denied, there is not a general consensus as to the definition of independence (Brennan and McDermott, 2004). However, in spite of the lack of consensus regarding the definition of outside members, this corporate governance practice is still highly recommended and should be implemented by the company in an effort to improve the Board of Directors efficiency (Kang, Chen and Gray, 2007). Researchers have evidenced that outside board members contribute with their experience and objectivity and help minimize management entrenchment and expropriation (Dalton, Daily, Ellstrand and Johnson, 1998). Bacon (1985) suggested that outside members are impartial with regard to the projects evaluated by the company, the acquisition of other businesses or the evaluation of trade relations between companies.

In FBs, outside members form one of the main lines of defense external or minority shareholders can use in order to protect their rights from the influence and power of large shareholders (Anderson and Reeb, 2004). To improve business performance, outside members can potentially prevent families from expropriating the company's resources by means of excessive compensation, special dividends or unjustified perks. Moreover, outside members may impose structural restrictions on the family by limiting their involvement in important Board subcommittees such as the audit committee, the investment committee, the nominating committee and the compensation committee (Anderson and Reeb, 2004).

Acting as stewards, families may place outside members on the Board to provide industry expertise and knowledge, give objective advice, and act as advocates for the company and its viability. Outside members may play an important role in the development of strategic change processes in FBs (Fiegener, Brown, Dreux, and Dennis, 2000; Voordeckers et al., 2007).

Furthermore, the involvement of outside members on the BD might be beneficial to the FB, because they may be able to differentiate between the company and the family context, thus favoring separation of corporate objectives and family decisions. Outside members promote the adoption of control and advice mechanisms to face business complexity and growth (Chittor and Das, 2007; Reid and Adams, 2001). However, delegating responsibility to outside members might result in a decrease in family control over strategic decisions, an increase in information asymmetry between stewards and owners, and conflicts between family and non-family members with regard to the vision and objectives of the company (Gómez-Mejía, Cruz, Berrone, and De Castro, 2011). In other words, the presence of outside members could start questioning family members' socioemotional wealth (Gómez-Mejía, et al., 2007), thus challenging family control over the company.

According to Gómez-Mejía et al., (2011), for family members, preservation of socioemotional wealth replaces all the financial advantages that could result from the involvement of outside members on the BD. Preserving socioemotional wealth through maintaining a good reputation and projecting a positive family image seems to prevail over the advantages offered by outside members on the BD and the pursuit of financial goals.

In view of the above, the following proposal has been proposed:

P2: The involvement of outside members on the Board of Directors in FBs affect preserve socioemotional wealth.

2.2.3. Separating the roles of Chair of the Board of Directors and CEO

Due to recent accounting scandals worldwide (WorldCom, Tyco, among others), investors have become more concerned with regard to corporate governance in all kinds of organizations (Kang et al., 2007). This has revitalized the debate on the relationship between role duality when the same person holds the Chair of the Board and the CEO Manager Position, and business performance (Boyd, 1995; Desai, Kroll and Wright, 2003). According to good governance practices guidelines, the separation of roles seeks to prevent the concentration of power, to the detriment of appropriate management supervision, because the Chair of the Board of Directors and the CEO have different and complementary roles.

Empirical evidence has documented a tendency to significantly reduce the dual role of Chair of the Board of Directors and CEO of large listed companies (Braun and Sharma, 2007). Recent studies in the United States show the dual role of Chair of the Board of Directors and CEO decreased from 76% (Booth, Cornett, and Tehranian, 2002), to 62% (Booth et al., 2002), and reached 58,3% (Linck, Netter and Yang., 2008). Similarly, Lasfer (2006) found that it has reached 22% in the United Kingdom. On the other hand, in the

Egyptian context, the dual role of Chair of the Board of Directors and Manager is about 76% (Elsayed, 2007, 2010).

The Stewardship Theory states that the duality of the roles of Chair of the Board of Directors and CEO anticipates an additional strategic benefit arising from the control unit. When the same person holds the positions of Manager and Chairperson, the decision-making process takes less time, leadership is not ambiguous and actions are facilitated (Donaldson and Davis, 1991). In such cases, as suggested by the Stewardship Theory, the company would unify control under one person, who could be a family member in charge of representing the interests of all the business owners through effective management in the long run. The dual role of Chair of the Board of Directors and CEO, performed by a family member, has a great impact on the company's culture, strategic vision, values and objectives (Athanassiou, Crittenden, Kelley and Márquez, 2002; Tagiuri and Davis, 1992). A possible explanation to this statement is that in case of duality, ownership and control over the company are usually in his/her hands. Because of this concentration of power, the family member has broad discretion to act and is able to pursue objectives different from those of a company that maximizes benefits (Chrisman et al., 2004; Gedajlovic, Lubatkin and Schulze, 2004).

The emotional connection, the identification with the company and profits resulting from the ability to exercise authority are stronger when the company is controlled and managed by the founding family (Gómez-Mejía et al., 2007; Schulze, Lubatkin and Dino, 2003a). Similarly, those family members who serve as Chair of the BD and CEO promote preservation of the company's socioemotional wealth. Therefore, in order to prevent loss of socioemotional wealth caused by potential agency problems with non-family interested parties, the following proposal has been proposed:

P3: The separation of the roles of Chair of Board of Directors and CEO has a negative impact on the preservation of socioemotional wealth.

2.3 Socioemotional Wealth

The existing literature on the FB research field has clearly shown that financial performance is not the only objective FBs have (Zellweger and Nason, 2008), and that they often express a strong preference for non-economic performance (Astrachan and Jaskiewicz 2008; Chrisman et al., 2003), as well as for the socioemotional wealth of the business (Gómez-Mejía et al., 2007). Researchers refer to non-financial goals and socioemotional wealth, aspects that are emotionally associated with the affective dimension of the family, including protection of family ties, family unity, commitment, perpetuation of the family dynasty, relationships with employees, social reputation, identity, and so on.

The concept of socioemotional wealth is based on the model developed by Gómez-Mejía et al., (2007), and is founded on the notion that companies make decisions depending on the reference point of the company's dominant directors. This model suggests that FBs are usually motivated and committed to preserving the family's affective needs, such as the identity, the ability to exercise family influence and the perpetuation of the family dynasty (Gómez-Mejía et al., 2007). In view of the above, the earnings or losses regarding the preservation of the family's socioemotional wealth become the fundamental reference framework used by family-controlled companies in order to make significant strategic decisions as well as policy-related decisions.

To measure the family's socioemotional wealth, we will use the construct proposed by Berrone, Cruz and Gómez-Mejía, (2012) *FIBER* (according to its acronym in English). This construct consists of the following dimensions: family control and influence, identification of family members with the company, the company's social ties, emotional attachment of family members, and renewal of family bonds with the company, through succession.

3. Methodology

We employed case studies in our study. Our motivation converged with Yin (2003) insight that this method is appropriate to uncover social dynamics obtaining a "why" and "how" character. In order to conform to the hallmarks of a methodically rigorous case study, we designed the case study in accordance with several measures. Gibbert and colleagues (2008) find that external, construct, and internal validity as well as reliability constitutes the essential measures employed. We reflect about each of these measures in the following while attempting to deliver a sound understanding of the case studies' properties.

3.1. Case selection

To conduct the research, four (4) second-generation Colombian family businesses (see Table 1), were selected from different economic sectors (services, manufacturing), and different size in accordance with Law 455 of 2011 [5] (see Table 2). The final sample consists of four cases (two medium and two small size companies) and is consistent with the four-to-ten case scale proposed by case study development methodology (Eisenhardt, 1989), deemed appropriate to reach theoretical saturation (Eisenhardt, 1989).

Table 1. Case description

Company	Description
Saturn	The company Saturn is a second-generation family company, leader in the manufacture and sale of social expression and entertainment. The company was founded in 1964. Ownership of the company is equally shared between seven brothers, represented through seven companies. The company has a Board of Directors composed of five (5) members, meeting four to five times per year. The Board composition: two independent members (unrelated to the family or the company), two family members working in the company and a family member non-related to the company.
Mars	The company Mars is a second-generation family company, leader in the food and beverage economic sector. The company was founded in 1969. Ownership of the company is held by two family companies. The company does not have a Board of Directors. However, the functions conferred to the Board are held by the Management Committee formed by five (5) members: an administrative manager, a production manager, the accountant and the two owners.
Júpiter	The company Jupiter is a second-generation family business, a leader in the provision of passenger land transport. The company was founded in 1961. Ownership of the company is concentrated in Orion family, with a share of 72%, who have control over the company. The company Jupiter has a Board composed by five (5) members, meeting once a month. The Board consists of four members of mentioned family and a fifth one belonging to the family with the second highest ownership percentage.
Mercury	Mercury is the company created in 1936; It began operating under the name "Mercury Workshop" and entered the Colombian market as a pioneer in the manufacturing of equipment for milling and rice processing. Ownership of the company is held by four families. The company Mercury has a Board of Directors. However, nowadays, the Board merely plays a role on warranting the important decisions taken within the senior management team.

Source: Prepared from information supplied by the company

3.2. Data collection

Information was collected taking advantage of three sources: semi -structured interviews, direct observation, revision of documents and archives. This is to show the reality of FB and to enable the participation of its members, which particularly backs up the findings, meaning and relevance of the studied topic. Even when the information gathered by the interviews is the main source, triangulation of information has been made from different sources as a basis for its validity. Additionally, the study made use of confidential information through BD documents, as a way to enhance and corroborate the evidence of the interviews.

Semi- structured interviews were made by people who met with the following: family members, owners and members of the Board according to the research questions.

3.3. Analysis of information

One of the challenges with regard to multiple-case research is how to stay within the spatial limits while conveying the emergent theory, which is the research objective, and the varied empirical evidence supporting the theory (Eisenhardt and Graebner, 2007). Therefore, an approach as described by Yin (2003) has been adopted, where there is an individual section for each corporate governance practice in each FB dimension, as particularly developed for each case in the previous chapter.

Based on the foregoing, a cross-case analysis is carried out using information on individual cases. In brief, a comparison between the case that has implemented good corporate governance practices to a considerable extent and the case that has implemented them to a lesser extent is made, and in this way, the three (3) proposals brought forward are then validated. A summary of the final assessment for each case can be found in Table 2.

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4. Cross-case analysis

4.1. Board of Directors

The main role of the BD, according to the Stewardship Theory, is to advise members during the decision-making process (Davis et al., 1997). Nevertheless, this study shows that sometimes the role performed by the BD is that of endorsing decisions made by top management.

For this research, the BD of the companies analyzed consist mostly of business-owning family members, and this facilitates the alignment of family and corporate objectives, as well as the strategic decision-making process. Additionally, taking into consideration the number of Board members, these could be regarded as small (five members on average), which facilitates a faster and unanimous decision-making process. However, the fact that the Boards consist of business-owning family members allows them to make strategic decisions aimed at giving priority to preserve the socioemotional wealth.

The BD of the companies analyzed show a high degree of alignment between the interests of the owners and those of the stewards. Moreover, the role of steward is played either by a family member or by an affiliate member. The foregoing has been confirmed by the research conducted by Jaskiewicz and Klein (2007), who found that the stronger the family's identification and the commitment to the company, the more affiliated and inside members on the Board.

On the other hand, those family members on the Board might have an influence on the strategic decisions of the company, because reaching nonfinancial goals in order to meet family needs prevails. Reaching objectives helps build trust among family members, thus promoting cohesion, well-being, harmony and socio-emotional wealth preservation. In view of the above, proposal P1 which suggested that the implementation of good corporate governance practices by the BD helps preserve socioemotional wealth is considered validated.

Outside Members

The cases studied show a Board consisting mainly of family members (Westhead, Cowling and Howorth, 2001: Voordeckers et al., 2007) who are committed to the company. Moreover, the involvement of the family in ownership and stewardship leads to less divergent objectives between the family and the company. Consequently, a high degree of alignment of the objectives suggests there is less need for outside directors (Jaskiewicz and Klein, 2007).

Additionally, owners seek the presence of trustworthy and competent people in the company in order to provide support and advice to management. That means that inside directors have advantages over outside candidates, because they are a source of knowledge about the company (Raheja, 2005), and family members trust them and are aware of their values

Table 2. Socioemotional in Family Business from the perspective of interviewers

	SATURN	**MARS**	**JUPITER**	**MERCURY**
Family control and influence	The power of the company is held by the seven owners. Control is exercised by presenting the duality of functions between the Chairman of the Board and General Manager of the company headed by the elder brother.	The power of the company is held by the two brothers at the General Shareholders Meeting. Control is exercised to be owners in the two main management positions in the company and in the Board of Directors	Orion family has control in making strategic decisions for the company. The power of the Orion family is reflected by having 72% ownership of the company and has 80% of its members on the Board.	The power of the company is represented by the 16 members of the family shareholders. The control is exercised by presenting the duality of functions between the Chairman of the Board and CEO of the member company's second generation. In addition, commercial vice president, financial and administrative vice president and Innovation Management are held by members of the third generation.
Identification of family members with the company,	Family members feel a total commitment to the company and they are proud of the success and of belonging to an FB	Owners believe that family members have a strong sense of belonging, mainly those who are financially dependent on the company and believe that family members feel the success of the company as their own, as the contributions that each member performs in the company	Family members feel a total commitment to the company and they are proud of the success and of belonging to an EF	The family members are proud and have a sense of belonging by the company
The company's social ties	It considers that the level of satisfaction and identification of employees with the	It has social initiatives and corporate responsibility mainly with company	The company has implemented corporate social responsibility through	The owners are active in community service focusing primarily on the welfare of their employees and then

	company is not what the owners want and believes it can be improved.	employees in order to improve their quality of life	different programs, offered to employees and their children	external community. Also they carry out activities with communities closest to the organizational environment, supporting external foundations, among others
Emotional attachment of family members	The owners claim that affective family considerations are more important than economic; family first and then company	The owners claim that affective considerations are as important as economic considerations. The brothers agree that you cannot look at everything with the coldness of numbers	The owners claim that affective family considerations are more important than economic ones, however always generating a respect towards economic part considering that both must be closely linked.	The owners felt the emotional considerations are more important than economic considerations, "try to silence feelings with money is much more complicated."
Renewal of family bonds with the company	Owners have the firm intention to transfer the business to the third generation	The owners have no plans to sell the company, but are in the search for strategic partners to enable them to grow the company and develop their potential	The owners say they have not considered the possibility of selling the company	The owners have no plans to sell the company.

Source: Prepared from information supplied by the company

The BD of the companies under study consists mainly of inside directors and business-owning family members. BD consisting of business-owning family members usually have a strong influence when setting and implementing corporate objectives (Tagiuri and Davis, 1992). Consequently, family-related goals such as keeping family control, harmony and well-being tend to be more important that business-related objectives. Involvement of outside members could be inconsistent with the preservation of socioemotional wealth of family members, because the first might only focus on business performance without taking into consideration family objectives. In view of the above, proposal P2 which suggested that involvement of outside members in the BD of FBs affects preserve socioemotional wealth is validated.

Separation of the roles of Chair of the Board of Directors and CEO

The good governance practice of separating the roles of the Chair of the Board and the CEO is not observed in the four cases analyzed. In the FBs studied, there is a significant concentration of power in the corporate governance structures; and this is reflected in the dual role played by the same person, in these cases, a business-owning family member. Nevertheless, this has not hindered the company's continuity and survival.

On the other hand, the evidence supports the Stewardship Theory, which states that role duality is an advantage for both the company and the family, because less time is required during the decision-making

process, power is unified and since one business-owning family member plays this role, this person is in charge of ensuring fulfillment of family goals and corporate goals. Role duality in the hands of a business-owning family member leads to the protection of family interests over corporate interests. This person is responsible for making strategic business decisions without opposing family needs, and sometimes, has to sacrifice business performance in order to protect family cohesion, harmony, well-being and socio-emotional wealth (Gómez-Mejía et al., 2007). In view of the above, proposal P3 which suggested that the separation of the roles of Chair of the BD and CEO has a negative impact on the preservation of socio-emotional wealth is validated.

5. Conclusions

This research is based on a multiple-case study, regarded as the most suitable methodology to reach the objectives set, because it allows studying a phenomenon as a dynamic process, and within its real-life context. The case selection was carried out by using theoretical sampling, and those cases showing the best opportunity to learn about the phenomenon under study were chosen, because they are companies whose high quality products and services are recognized at a local, regional, national and international level.

The aim of this research was to determine the impact that the implementation of good corporate governance practices has on FB governance structures, Board of Directors, on the socioemotional wealth of the family.

The findings show that the role of the Board in the companies under study is different; many of them only use it in order to validate decisions already made, and in some other cases, to comply with legal provisions.

On the other hand, One of the most important aspects identified in this study is the unlimited power that family members have over business ownership, control and management. This is evidenced by the active involvement of family members is all the governance structures of the enterprise. The companies analyzed have Boards consisting of five (5) directors on average, who are mainly business-owning family members. The findings are similar to those indicated by Corbetta and Montemerlo, (1999), in the United States and in Italy, where the Boards consisted of four members on average, and in Spain, six members on average (Suáre and Santana-Martin, 2004).

These BD are controlled by family members and have the power to affect the strategic decision–making process of the company, which facilitates the alignment of corporate goals and family goals. This is consistent with the general view that family businesses tend to enjoy control (Suáre and Santana-Martin, 2004). The foregoing is evidenced by the unified message conveyed to all the family members, owners, employees, suppliers and the community, supporting the considerations of the Stewardship theory.

The companies under study showed a significant presence of family and/or inside directors, which facilitated the alignment of family interests and corporate interests, and resulted in a positive effect on the strategic decision-making process. This type of director offers alternative perspectives and experience, and provides advisory and counseling services, according to the assumptions of the theory of Stewardship.

The companies analyzed show a strong tendency to preserve the family's socio-emotional wealth. These companies display a dominant position during the strategic decision-making process of the organization (Chua et al.,, 1999; Schulze, Lubatkin and Dino, 2003b), resulting from the concentration of ownership in the family and the control exercised over different governance structures of the company. Moreover, owners are not considering selling the company; quite the contrary, they are determined to keep the company in the hands of the family and continue their legacy from generation to generation. The foregoing statement has been supported by Zellweger and Astrachan (2008) and Zellweger, Kellermanns et al., (2012), who suggest that the act of transferring from generation to generation is one of the crucial aspects aimed at preserving socio-emotional wealth.

It could also be concluded that affective considerations are much more important that financial considerations, provided that they do not oppose principles, policies, family values and corporate values. Additionally, family members are aware that there should be a balance between corporate objectives and family objectives. Said balance is important for the company to survive and for good relationships among family members, which contributes to cohesion and harmony (Gómez, 2010).

Along the same lines, the companies show commitment to corporate social responsibility, mainly to their employees, by giving them the opportunity to improve their quality of life and being supportive as to their families' education. This supports the collectivist vision Stewardship Theory. Also, they give support to the community, especially in the area where the company is located.

On the other hand, the evidence showed that regardless of the implementation of good corporate governance practices for the FB Board of Directors, there are other factors that contribute to the survival of the company, such as respect, love, harmony, cohesion, commitment, values, beliefs and the particular behavior of each member (Gallo and Amat, 2003), as fundamental pillars to build relationships among family members and family-business. This is in agreement with Gallo and Tomaselli (2006) who stated that these factors become strengths for the continuity and survival of a family business. Moreover, the vision that business-owning family members share facilitates the alignment of family goals and corporate goals. It also works as a mechanism to substitute the implementation of corporate governance practices in the course of this research.

Finally, it should be noted that the companies that needed advisory services by an expert in the field of family business were more aware of the implications and effects that might arise when making decisions that could affect the balance of family-business relationship.

Notwithstanding the strengths of our research, there are some limitations. The difficulty in establishing limits in regard to the subject matter under consideration, the nature of the social reality under study, and the relationship between the researcher and the individuals involved in the cases under study (Ryan, Scapens and Theobald, 2004). The lack of a data base on FBs at a national level makes it difficult to identify them. Moreover, the difficulty to gain access to the companies and the information does not allow an in-depth analysis; this is very sensitive information the companies use cautiously, hermetically and confidentially.

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4. Family businesses are those where the majority ownership; greater than 50% of the percentage shares in the hands of a family or two; and in which the direction and / or government is conducted by a member of the owning families; and / or that the next generation is involved as a sign of continuity of EF (Gallo 1995)
5. The 455 Act 2011 defines the size of firms according to total assets: Micro <500 SMLV; Small between 500 and 5000 SMLV; Median between 5000 and 30000 SMLV; Grande> 30000 SML V. Note: SMLV= U$ 308.
