

T.C.
BAHCESEHIR UNIVERSITY
GRADUATE SCHOOL
THE DEPARTMENT OF BUSINESS ADMINISTRATION
MASTER'S PROGRAM IN BUSINESS ADMINISTRATION

**USAGE OF INSTRUMENTS OF FAMILY AND CORPORATE GOVERNANCE FOR
CONFLICT PREVENTION IN TUNISIAN FAMILY BUSINESSES**

MASTER'S THESIS
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ISTANBUL 2025

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ABSTRACT

USAGE OF INSTRUMENTS OF FAMILY AND CORPORATE GOVERNANCE FOR CONFLICT PREVENTION IN TUNISIAN FAMILY BUSINESSES

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This study looks at the role of family and corporate governance instruments in preventing conflicts in Tunisian family businesses, a gap in the literature on which governance practices are effective in preventing conflicts. It adopts a qualitative approach, supported by some statistics from surveys and interviews with family business owners and shareholders in Tunisia. The results show that corporate governance mechanisms such as structured frameworks, formalized communication channels, and clearly defined roles and responsibilities help reduce conflicts by increasing transparency and aligning expectations among family members. These mechanisms also enhance operational performance, strengthen family relationships, and contribute to long-term business sustainability. The findings provide valuable insights for family businesses seeking to improve governance practices to prevent conflicts and enhance alignment between family interests and business goals.

Key Words: Corporate Governance, Conflict Prevention, Tunisian Family Businesses

ÖZET

TUNUS AİLE İŞLETMELERİNDE ÇATIŞMA ÖNLEME İÇİN AİLE VE KURUMSAL YÖNETİM ARAÇLARININ KULLANIMI

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Bu çalışma, Tunus'taki aile işletmelerinde çatışmaların önlenmesinde aile ve kurumsal yönetim araçlarının rolünü incelemektedir. Hangi yönetim uygulamalarının çatışmaları önlemede etkili olduğu konusundaki literatürdeki boşluğa odaklanmaktadır. Çalışma, Tunus'taki aile şirketi sahipleri ve hissedarlarıyla yapılan anket ve mülakatlardan elde edilen nitel verileri bazı nicel istatistiklerle destekleyen bir yaklaşım benimsemektedir. Sonuçlar, yapılandırılmış yönetim çerçeveleri, resmileştirilmiş iletişim kanalları ve net şekilde tanımlanmış rol ve sorumlulukların şeffaflığı artırarak ve aile üyeleri arasındaki beklentileri hizalayarak çatışmaları azalttığını göstermektedir. Ayrıca, bu yönetim mekanizmalarının yalnızca operasyonel performansı artırmakla kalmayıp, aynı zamanda aile ilişkilerini güçlendirdiği ve işletmenin uzun vadeli sürdürülebilirliğine katkı sağladığı ortaya konulmaktadır. Bulgular, yönetim uygulamalarını geliştirerek çatışmaları önlemek ve aile ile işletme çıkarları arasındaki uyumu artırmak isteyen aile şirketleri için değerli içgörüler sunmaktadır.

Anahtar Kelimeler: Kurumsal Yönetimi, Çatışma Önleme, Tunus Aile İşletmeleri



To my family,
for every silent sacrifice, every patient moment, and every unspoken prayer that
carried me through.

To my country, Tunisia
may this work, in its own small way, honor the potential I see in you every day.

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To my family, thank you for your endless love, prayers, and encouragement. Your support has been my greatest strength, even across miles.

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This thesis is more than academic work, it is a piece of my heart, rooted in my identity and in my hopes for a stronger, more inclusive future for Tunisia.

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
IT	Information Technology
MENA	Middle East and North Africa
RBT	Resource-Based Theory
SME	Small and Medium Enterprises
RBT	Statistical Package for the Social Sciences
SPSS	Statistical Package for the Social Sciences

Chapter 1

Introduction

Family businesses are complex entities, influenced by both family relationships and business activities (Haynes, 2020). Family businesses make a major contribution to Tunisia's economy, but they also face governance challenges such as leadership succession, conflicts of interest, and a lack of transparency. (Yilmaz, 2024). There are different studies suggesting that family businesses are more prone to internal conflicts based on their interpersonal relationships, as well as incompatible goals, which can harm the company's future sustainability (Jariwala, 2024).

Furthermore, the integration of family values and business objectives for decision making in the business can sometimes lead to difficulties, and that may hinder growth and adaptation in evolving competitive markets (Lane, Astrachan, Keyt, & McMillan, 2006). Therefore, family business governance has become an object of focus in recent years (Debicki, Matherne, Kellermanns, & Chrisman, 2009).

The regulatory environment in which tunisian family firms operate tends to be characterized by high levels of uncertainty and inconsistency, further compounding the governance and accountability challenges facing these firms (Khanchel, 2007). We lack empirically defined evidence regarding the impact of particular tools of family and corporate governance on conflicts in Tunisian family businesses.

The review of the existing literature on corporate governance in family business shows key themes such as the impact of family relations in business management, the balance between family control and professional management, and the effect of socio-cultural factors in corporate governance practice. Scholars argue that family influence has both positive and negative implications for effective governance, according to the way that family relationships are managed and integrated into the corporate structures (Aldamen, 2019; Dhouib 2023)

There is emerging literature on the importance of corporate governance structures on the resilience of family businesses during economic crisis (Minichilli, Brogi, & Calabrò, 2015). However, there is still a large gap in knowledge on which governance practices are more effective for conflict prevention, particularly within the Tunisian business environment. This research aims to study in which way are various governance instruments improve communication, clarify roles and minimize disputes among stakeholders (Paganou, Antoniadis, & Konstantinidis, 2023).

From an academic perspective, it provides an addition to the family business governance literature, including an Arab context and the need for culturally tailored governance solutions (Farah, Bassam, & Ayoub, 2021). The findings could help explain how the adoption of governance practices fosters the growth and sustainability of these stand-alone enterprises over a long period, as well as promote their role as pillars of the Tunisian economy through increased activities of trust and collaboration among family members and business stakeholders.

1.1 Background and Context

Tunisian family businesses form the core of the national economy, providing employment to a significant segment of the population and fostering entrepreneurship (Khlif, Hussainey, & Achek, 2015). These businesses are a combination of traditional family values and modern business practices. Yet the nature of family ties in such businesses presents challenges, particularly in management. Numerous family businesses around the world, including those in Tunisia, experience problems with succession, decision-making authority, and role definition among family members (Abid, Hamrouni, Hadj, & Mbarek, 2021; Yezza & Chabaud, 2020).

These dynamics point to the fact that governance mechanisms adapted to the specificities and cultural nuances of family businesses in Tunisia are required. The research problem considered in this dissertation is the current lack of understanding of how family and corporate governance instruments are used to prevent conflicts in these businesses.

This is critical as unresolved conflicts can lead to mismanagement, loss of competencies, and in the worst-case company dissolution (Ulrich, 2023). The importance of this dissertation lies in its academic and practical implications. It offers

practical insights for professionals and closes a gap in the literature on family business governance in Tunisia. This will empower owners and members to address potential conflicts proactively to resolve possible issues and foster the stability and long-term success of the business.

1.2 Research Problem

This research aims to examine how the implementation of family corporate governance instruments can effectively prevent conflicts in Tunisian family businesses. This critical issue arises from the lack of empirical evidence on the specific governance practices that contribute to conflict mitigation within this specific business context. It becomes increasingly evident that a lack of knowledge regarding these practices could prevent family enterprises from maintaining healthy relationships and business environment among family members. Thus, there is an imperative requirement for comprehensive data collection to help clarify the dynamics operating within these businesses.

1.3 Research Objectives

In Tunisia, family-owned businesses are one of the main sources of employment and economic growth (Ellouze & Cherif, 2020). Given the specific socio-cultural context of Tunisian family firms, the governance structures within these companies are often informal and undefined, which may heighten conflicts between shareholders and family members (Dhouib 2023; Marfoua, Djoubar, & Naidjat, 2024). Research has shown that such conflicts not only hinder decision-making but can also jeopardize the long-term survival of these businesses (Jariwala, 2024). This dissertation research problem consists of the absence of empirical evidence on which specific instruments of family and corporate governance can mitigate conflicts in Tunisian family businesses. The literature identifies multiple governance practices, such as family constitutions and managerial structures, but lacks understanding of their effectiveness in the Tunisian business environment.

This research has two objectives: to look at the various governance instruments used by family businesses in Tunisia and how they deal with conflicts; and to evaluate the efficiency of these instruments that could lead to creating the structure of governance framework in which family members and stakeholders will coexist harmoniously. By identifying which governance tools are the most effective, this study aims to guide professionals and policymakers on how to make family businesses more robust in Tunisia. The importance of this research is high as it contributes to the academic discourse on family business governance, particularly in the North African environment, and to the practical strategies used by family firms facing governance challenges.

This research will fill the gap in knowledge and practice and ultimately lead to better outcomes for family-owned businesses in Tunisia and potentially other similar cultural contexts.

1.4 Research Questions and Hypotheses

Family businesses often face challenges due to a mix of family relationships, ownership, and management (Razzak, Mustamil, & Bakar, 2020). The study checks how the businesses utilize corporate governance systems to reduce internal conflicts in their activities as Tunisian family businesses.

To achieve this, the following research questions were made:

Q1: How do Tunisian family businesses utilize corporate governance mechanisms for conflict prevention?

Q2: What are the most commonly used family governance tools in Tunisian family businesses?

Q3: To what extent do structured governance mechanisms contribute to conflict resolution?

Q4: What is the role of informal governance practices in conflict prevention?

Q5: What challenges do family businesses face in adopting formal governance mechanisms?

These research questions serve as the base for the proposed hypotheses:

H1: The presence of well-structured governance mechanisms reduces internal conflicts in family businesses significantly.

H2: Informal governance practices are commonly used in Tunisian family businesses more than formal structures.

H3: Family businesses with established and clear succession planning experience fewer conflicts related to leadership and transitions.

H4: The lack of independent external advisors increases the likelihood of unresolved disputes within the family business.

H5: The efficacy of governance instruments in conflict prevention depends on the generational stage of the family business.

By addressing the research questions and hypotheses, the purpose of this study is to provide insights into how Tunisian family businesses can improve their governance framework to promote stability and long-term success.

Chapter 2

Literature Review and Definitions

Family businesses occupy a unique position in the business world with their distinctive blend of business objectives and interpersonal relationships (Haynes, 2020). These enterprises often navigate challenges that are not only about managing operations, but also relationships. The governance of such businesses requires a careful balance between maintaining familial harmony and ensuring the business's sustainability (González Cruz, 2021).

In contexts like Tunisia, where culture deeply influences business practices, governance takes on an added layer of complexity. The interplay between tradition and modernity creates both opportunities and challenges, requiring governance systems that are flexible enough to respect familial values while strong enough to support professional growth (Khanchel, 2007).

This literature review aims to explore the principles of corporate governance in family businesses, emphasizing how structured governance systems can address these challenges, from understanding the importance of aligning family values with business strategies to identifying practical tools and frameworks.

2.1 Overview of Corporate Governance in Family Businesses

Corporate governance includes systems, principles, and processes by which companies are directed and controlled, which is particularly good in family-owned companies where family relationships can complicate decisions (Chrisman, Chua, De Massis, Frattini, & Wright, 2017).

Family businesses are defined by centralized control of ownership and management in a family or a closely connected group of families (Pindado & Requejo, 2014; Siebels & zu Knyphausen- Aufseß, 2011). According to Chua, Christian, and Sharma (1999), they also follow a shared vision maintained by family members, ensuring the business's continuity across generations.

In family businesses, corporate governance refers to practices and systems that correspond to interests, balance the decision-making structure, and the interaction between family and business goals (Bodolica, Dupuis, & Spraggon, 2019). Unlike non-family companies, family businesses meet unique regime challenges due to overlapping roles as family members, such as owners, managers, and shareholders. This dynamic often leads to complications, such as different expectations, generational conflicts, and the need to maintain harmony along with operational efficiency (Colli, 2013; Trebica, 2023).

The main purpose of corporate governance in family businesses promote clarity about roles and responsibilities. The uncertainty in management or decision-making can give rise to struggles that interfere with both family and business. Research indicates that the government's disposition in family businesses must maintain a family unit and address pressure to achieve business goals (Esparza Aguilar & Soto Maciel, 2024). This is especially important in businesses where the combination of individual and commercial places increases the risk of disputes and incorrect priorities (Haroon & Zaka, 2023).

2.2 Key Success Factors in Family Business Governance

Effective governance is necessary for the sustainability and success of family businesses. Researchers like Pindado and Requejo (2014) argue that family influence can both enhance and interrupt effective governance; this depends on how family relationships are controlled and integrated into the corporate structures.

Family-owned businesses must have well-structured governance frameworks that integrate key instruments: Family DNA, Wealth Management, Corporate Strategy, Succession Planning, and Family Corporate Governance (Slevogt, 2017). They serve as a base for a strong governance framework by aligning family values to corporate objectives and promoting sustainable growth.

The concept of Family DNA refers to the unique set of values, traditions, and shared objectives that define the character of a family and dictate the manner in which its business is conducted (Slevogt, 2017). It is the cultural DNA of the business, guiding

decision-making processes as well as governance practices. Hentati, Louati, Ghamgui, and Kefi (2023) mention that Family DNA is a common denominator that brings family members together in the pursuit of shared goals, thereby creating unity and long-term commitment in accordance with the vision set by the first generation or founders.

Wealth Management is another critical component of family business governance, encompassing strategies for preserving, growing, and allocating financial resources across generations. Wealth management is not only about financial performance but also about maintaining fairness in wealth distribution and ensuring that resources are reinvested to sustain business growth. Esparza Aguilar and Soto Maciel (2024) highlight that transparent financial governance, including wealth allocation and reinvestment strategies, is critical for maintaining harmony and operational stability in family businesses.

Corporate Strategy refers to the overarching plan that defines the business's long-term objectives and how it will achieve them (Andrews, 1980). In family businesses, corporate strategy must make a balance between preserving the family's legacy and pursuing innovation and growth (Fang, Chrisman, & Holt, 2021). The integration of family goals into the business strategy often requires a dual focus on sustaining the enterprise's economic performance and upholding the values and traditions that form its foundation. Haroon and Zaka (2023) emphasize that corporate strategy in family businesses should align the family's values with modern business objectives, ensuring both legacy preservation and competitive growth.

Succession planning is one of the most important elements of family business governance. It ensures that the business is ready for leadership transitions and that the next generation of family members is ready to handle the business. Without a clear succession plan, family businesses risk power struggles, leadership crises, and, in the worst case, the collapse of the business (Bower, 2007). As noted in several studies, well-structured succession planning is crucial for maintaining family business continuity and stability (Dos Santos, Viviers, & Venter, 2024).

Finally, Family Corporate Governance encompasses the systems and structures that regulate the interactions between family members, business operations, and external stakeholders (Chrisman et al., 2017). This includes formal governance instruments such

as family councils, advisory boards, and family constitutions, which provide a framework for decision-making and conflict resolution. Effective family corporate governance respects and aligns the interests of family members with the business objectives and fosters transparency, accountability, and trust.

By understanding these success factors, family businesses can build a resilient governance framework that ensures operational efficiency, mitigates conflicts, and supports sustainable growth (Slevogt, 2017).

2.3 Conflict Prevention in Family Businesses

Unlike non-family businesses, where professional boundaries are typically clearer, family-owned businesses struggle with maintaining a balance between family dynamics and business needs (Kubíček & Machek, 2020). Therefore, conflict in those businesses is a natural occurrence.

The implementation of both family and corporate governance mechanisms is important in effectively handling these conflicts. By using structured governance instruments, family businesses can not only clarify roles and responsibilities but also promote open communication between shareholders, which is essential for conflict prevention. Statistics show that only 30% of these companies survive beyond a second-generation transition; 10% survive into the third generation, and just 4% remain in existence by the fourth generation (Le Breton-Miller, 2004).

In addition, a fine understanding of familial dynamics allows for tailored intervention strategies that address specific issues faced by family-owned companies, ensuring that solutions are not one-size-fits-all but rather adapted to the unique needs of each business. Research highlights that such a management system strengthens family businesses by establishing security measures against disruptive consequences (Christopherson Puh, Yiadom, Johnson, Fernando, Yazid, and Thiemann). This empowerment can be displayed in stronger decision-making processes and can increase accountability.

2.3.1 Identification of common conflict triggers. Common triggers of conflict often arise from overlapping personal and professional relationships. By identifying these conflict triggers, family businesses can employ governance instruments that facilitate communication, establish clear decision-making processes, and align the interests of various stakeholders, ultimately fostering a harmonious environment conducive to long-term success (Kubiček & Machek, 2020).

The complexity of family business governance can manifest in different ways. One of the popular forms of conflict is intergenerational conflict, where differing visions and values between older and younger generations create tension (Dawson & Parada, 2018). This gets more prominent as the family grows in generations and deviates from the founder's vision. Generally, the older generation may favor traditional methods of business management and sticking to the original rules and guidelines, while the younger generation is often more inclined toward adopting modern business practices or technological innovations (Jahmurataj, 2018).

As family businesses grow and branches of the family expand, personal interests often emerge as a significant source of conflict (Davis & Harveston, 2001). With an increasing number of stakeholders involved, individual family members may prioritize their personal financial needs, career aspirations, or leadership ambitions over the collective goals of the business (Jaffe & Lane, 2004). Haroon and Zaka (2023) highlight that, in such cases, disputes over resource allocation, decision-making authority, or strategic priorities can escalate, potentially threatening both family unity and business stability.

This directly relates to one of the most prominent sources of conflict: succession disputes. Family businesses without a clear succession plan, the transition of leadership can become a battleground where family loyalty and business acumen clash (Thévenard-Puthod, 2020). The thrive for power can lead to disputes that disrupt the business's operations and disrupt the family's unity.

Furthermore, financial disagreements are prevalent in family businesses, as family members may have different perspectives on how profits should be distributed, reinvested, or allocated for expansion (Kubiček & Machek, 2020). Mismanagement of wealth can lead to conflicts among family members, especially in the absence of a

management structure, such as family constitutions or financial protocols (Esparza Aguilar & Soto Maciel, 2024). Lack of formal agreements on profit sharing and regeneration strategies can promote these disagreements, and eventually affect the company's financial situation and performance (Trebicka, 2023).

2.3.2 Conflict prevention mechanisms. Family businesses need to figure out how to manage complexities as they grow. In the early stages, when the founder serves as both owner and manager, higher efficiency and greater performance are expected (Miller & Le Breton-Miller, 2007). This efficiency is related to the personal qualities of the founder, such as their perception and their view of their own creation (LeCounte, 2020). However, when complexity increases, this efficiency may decline, and current and future managers must deal with issues related to business expansion and intergenerational family changes.

This is when governance mechanisms can have an effective role in establishing order and the professionalization of processes in a growing and complex family business. This emphasizes that governance mechanisms in family firms are often influenced by the family's desire to preserve their legacy, resulting in a distinct approach compared to non-family firms (Widyaningrum, Dewi, & Syaipudin, 2023; Dos Santos et al., 2024).

The development of the Family constitution is one of the most effective tools for conflict prevention. A family constitution is a document that specifies the principles, values, and operational guidelines that the family agrees upon in relation to the business (Rodriguez-Garcia, 2020). The constitution sets expectations for behavior and decision-making, helping to minimize misunderstandings and providing a framework for resolving disputes (Ulrich, 2023). It is typically drafted with the input of a significant number of family members and establishes the procedures and criteria for selecting new leaders from within the family, and helps prevent disputes over who should take charge when the current leadership steps down (Berent-Braun & Uhlener, 2012). By formalizing the roles of family members, it becomes clear who has authority over each aspect of the This clarity ensures that everyone in the business understands their responsibilities and prevents confusion and miscommunication (Haroon & Zaka, 2023).

Family businesses usually establish a parallel structure called a family council. It serves as a platform for family members to discuss and resolve issues in a structured environment (Carlock & Ward, 2021). This is a select group of family members, generally from multiple branches and possibly generations, who gather generally once per year to discuss issues related to the family's participation in the business (Berent-Braun & Uhlener, 2012; Brenes, Madrigal, & Requena, 2010). This council often helps to establish a unified vision for the business, which is critical in preventing internal conflicts and aligning family members with the business's goals (Hentati et al., 2023). It allows for the transparent exchange of ideas and concerns, enabling family members to address issues related to business strategy, succession, and financial management without letting personal feelings cloud professional decisions.

Succession planning is a basis of effective governance in family businesses, ensuring both leadership continuity and the long-term stability of the enterprise (Umans, 2018). A formalized succession process, which includes mentorship and training for the next generation, prepares future leaders to navigate the complexities of the business. Early and well-thought succession planning, that is based on the skills, capabilities, and qualifications, is particularly important (Boyd & Royer, 2012). It safeguards the long-term viability of the business, enabling it to thrive even after the current leadership retires or steps down. LeCounte (2020) emphasizes the importance of creating a clear succession timeline that specifies when and how leadership will be passed on. Such timelines eliminate uncertainty, mitigate disputes over leadership entitlement, and ensure a smooth transition of power.

In addition, Independent advisors, who are not part of the family, can be a powerful conflict prevention tool because they provide objective perspectives on the business's strategy, operations, and governance. Their presence can prevent the family from making emotionally driven decisions. Their subjective perspective is invaluable in addressing disputes that may arise from family members' differing opinions or objectives (Haroon & Zaka, 2023).

They can also assist family members in developing transparent financial policies that prevent misunderstandings and ensure fair treatment of all stakeholders involved in the business. According to Hentati et al. (2023), family businesses with independent advisors tend to have better financial performance and experience fewer governance issues.

Another formal governance structure is the Board of Directors, which is responsible for its strategic direction and the overall performance of the company. This board can also be comprised of family or non-family members, or a combination of both. Its main role is monitoring executive decisions and ensuring accountability to shareholders and serving their interests (Lane et al., 2006). The independence and structure of the board of directors can greatly influence the conflict mitigation process. A well-functioning board separates emotional influences from rational decision making, thereby contributing to transparency and long-term sustainability of the business.

Effective communication among the family members is another critical factor that can make or break the governance of family businesses (Beacon Hill Private Wealth, 2024). Open, transparent, and consistent communication promotes a culture of trust, reduces misconceptions, and ensures that everyone is on the same side. Common meetings and discussions between family members, including non-family stakeholders, allow open communication and can help identify possible problems before continuing into conflicts before they escalate into conflicts. Chan, Lee, and Tan (2022) shed light on how transparency in business decisions improves internal and external relations.

Diversity in the composition of the board and management is important as well. Diverse boards bring different perspectives, experiences, and skills that can enhance decision-making (Leszczyńska, 2018). For instance, a family business with a mix of younger and older family members may benefit from the younger generation's familiarity with technology and modern business practices, while the older generation brings industry experience and a deep understanding of the company's values and history (Chalus-Sauvannet, Deschamps, and Cisneros 2015)

2.4 Corporate Governance in the Context of Tunisian Family Businesses

Tunisian family businesses, which form a significant part of the country's economy, are distinguished by their reliance on familial structures and collective decision-making (Khlif et al., 2015). These businesses often integrate informal governance practices that reflect traditional values, such as prioritizing family unity. Although these cultural traits can promote strong relationships and long-term commitment, they can also pose challenges to professionalizing management and adapting to global market demands.

2.4.1 Factors affecting Tunisian corporate governance. In the early 2000s, researchers began to highlight the unique challenges faced by family businesses, particularly those arising from intergenerational transitions and ownership disputes (Marfoua et al., 2024). The historical landscape of family businesses in Tunisia is intricately tied to the sociopolitical dynamics of the region, especially after the 2011 revolution.

As Tunisia transitioned from autocratic rule, fueled by popular demand for economic justice and equitable opportunities for all citizens, family businesses found themselves at a crossroads, necessitating a rethinking of their operational frameworks. They needed to adopt more systematic governance strategies that would enable them to adapt to the new democratic fabric of society (Turki, 2016; Mansouri, Chafai, & Moufdi, 2024). This transition from a closed, familial governance model to one that includes broader stakeholder engagement represented a considerable challenge and opportunity. Consequently, this shift necessitated a more profound understanding of corporate governance principles, which positioned family governance as crucial in mitigating conflicts and fostering sustainable practices within Tunisian family firms (Chebbi, 2021).

The impact of external governance mechanisms, such as legal regulations and industry standards, has gained prominence as well. Findings indicate that a hybrid approach that integrates both family governance and corporate governance may be the most effective strategy for conflict prevention, allowing family businesses to remain

agile while adhering to best practices (Abdelaziz, 2021). Similarly, evidence suggests that

family businesses that adopt hybrid governance models, which combine family values with formal governance mechanisms, not only experience fewer conflicts but also promote longevity and stability.

Cultural values play a significant role in the governance and conflict prevention strategies of family businesses. In some countries, like Tunisia, familial loyalty and cultural norms surrounding respect for elders significantly influence business practices. (Gupta, Levenburg, Moore, Motwani, & Schwarz, 2010). These cultural values often lead to a strong preference for informal governance structures, where family members may rely on personal relationships to guide decision-making processes rather than formal governance instruments (Dhouib & Loukil 2022) While this informal structure can work effectively in small, close-knit businesses, it can become problematic as the business grows and external stakeholders become involved (Salman & Seiam, 2020).

In such contexts, culturally adapted governance practices are necessary. This means integrating formal governance structures, such as independent boards and family councils, with the family's values and traditions. By respecting cultural norms while adopting professional practices, family businesses can achieve a balance between preserving family unity and ensuring effective governance (González Cruz, 2021).

The intricate interplay between culture and governance in family businesses is fundamental to understanding their operational dynamics and conflict resolution mechanisms. In Tunisian contexts, cultural values such as collectivism and familial loyalty significantly influence governance practices, shaping decision-making processes and stakeholder interactions (Khlif et al., 2015). These instruments must be adaptable, reflecting local traditions and societal norms while also integrating modern governance frameworks to mitigate conflicts effectively. Tunisian family businesses benefit from governance frameworks that respect cultural values while integrating global best practices (Hentati et al., 2023).

2.4.2 Conflict prevention in Tunisian family businesses. The evolution of conflict prevention strategies in Tunisian family businesses has increasingly emphasized

the critical role of both family and corporate governance instruments (Kouki, 2020). Initial studies focused on understanding the unique challenges facing family businesses in Tunisia, which revealed a clear tendency for familial power concentration and the resulting governance implications (Esparza Aguilar & Soto Maciel, 2024). This context is the foundation for discussions around the importance of establishing formal governance mechanisms.

For instance, the establishment of family constitutions emerged as a prominent tool, fostering clarity around roles, responsibilities, and shared values among family members (Nordqvist, Sharma, & Chirico, 2014). This change emphasized the importance of balancing family relationships with professional management practices to enhance general governance

Research highlights that formal governance mechanisms also enhance the resilience of Tunisian family businesses by fostering accountability and creating safeguards against the disruptive effects of conflicts (Kouki, 2020). By integrating family values with professional governance practices, Tunisian family businesses can solve their unique challenges while competing effectively in both local and global markets (Khanchel, 2007). This empowerment manifests in stronger decision-making processes and improved stakeholder relationships, and ensures the stability and long-term development of these companies.

The implementation of such a governance mechanism has proven to be a valuable tool for resolving conflicts and promoting transparency. For example, family councils provide a platform for open communication and ensure that all members have a voice in the decision-making (Ward, 2001). Independent directors, on the other hand, bring external expertise and objectivity, helping to align the family's vision with professional business practices (Samara & Berbegal-Mirabent, 2018).

Research indicates that boards with independent directors promote healthier communication between stakeholders, which reduces the likelihood of familial conflicts negatively affecting business operations (Bettinelli, 2021). These structures enable Tunisian family businesses to mitigate internal conflicts while maintaining their cultural identity.

Furthermore, introducing structured governance frameworks, such as the development of a Family Constitution, is highlighted as a pivotal measure (González Cruz, 2021). This document reflects shared values and expectations, which reduces misunderstandings and disputes between family members that might otherwise jeopardize business operations (Marfoua et al., 2024). This structured approach is particularly relevant in Tunisia, where familial inheritance laws and cultural norms significantly form business practices and governance models.

Additionally, proactive conflict prevention strategies, such as clear succession planning, ensure a smooth transition between generations (Castoro, 2022). As demonstrated in various studies, when future leadership roles and responsibilities are defined early on, families can avoid potential power struggles that arise during transitions, thereby safeguarding business continuity and enhancing trust among family members (Paganou et al., 2023). However, it is equally important that businesses adopt a merit-based approach to leadership selection. This means selecting successors based on their skills, education, experience, and ability to lead the company, rather than on age, gender, or familial loyalty alone.

External advisors are instrumental in guiding Tunisian family businesses through the complexities of transitioning to a more professional governance structure. These advisors provide expertise in governance practices, financial management, legal issues, and market expansion (Khanchel, 2007). Their role is especially important during periods of growth or change, such as when the business is expanding internationally or restructuring its leadership.

In countries like Tunisia, where familial bonds and loyalty to the family are particularly important, succession planning can be influenced by cultural expectations and norms (Dhouib, 2023; Khlif et al., 2015). They can help design clear succession processes that ensure the business remains stable and successful as leadership transitions from one generation to the next. Moreover, they help resolve disputes between family members by facilitating discussions and offering impartial advice. This reduces the likelihood of conflicts that could jeopardize the business's future (Urich, 2023).

The adaptability of these instruments of structured governance in family businesses can ensure that they are positioned for future growth while also creating

environments that emphasize respect and collaboration among family members (Thévenard-Puthod, 2020).

2.5 Research Gap and Theoretical Framework

Family businesses can experience unique conflicts that may put their success at risk. These conflicts can arise from various sources, including differing visions for the future, generational transitions, and the inherent challenges that come with blending personal relationships and professional obligations (Bettinelli, 2021). The integration of family and corporate governance instruments is important in effectively managing these conflicts, particularly within the context of Tunisian family businesses. By using structured governance frameworks, family businesses can not only clarify roles and responsibilities but also promote open communication among stakeholders, which is crucial to preventing conflict (Khanchel, 2007). Such structures provide a platform for dialogue, enabling family members to express their concerns and ambitions in a constructive manner.

Research highlights that such governance mechanisms empower family businesses by instituting safeguards against the disruptive consequences of conflicts, which increases resilience and ensures sustained performance (Christopherson Puh et al., 2022). This empowerment can be displayed in more robust decision-making processes and increased accountability. As a result, the implementation of comprehensive governance practices acts as a vital tool for Tunisian family businesses aiming to navigate the complexities of familial relationships while maintaining operational integrity and fostering a harmonious work environment that pushes the business toward a future of growth.

2.5.1 Expanding on the research gaps. Most studies on family business governance focus on Western contexts, where formal structures and professionalization are common. However, less attention has been given to how cultural context shapes governance models in Tunisia. In cultures like North Africa and Middle East, family businesses are often led by senior family members, with leadership transitions based on

age or status rather than merit (Khlif et al., 2015). Understanding how family members navigate the tension between traditional authority and professional competence is crucial.

Therefore, Tunisian family firms could benefit from hybrid governance models that blend traditional family values with modern governance tools. While international best practices emphasize independence, transparency, and professional management, Tunisian family businesses often prioritize family cohesion and loyalty, leading to resistance toward formal governance structures (Djebali, 2020). Exploring how these hybrid models function can provide insights into balancing cultural norms with professionalization.

Another key research gap lies in understanding the barriers that prevent Tunisian family businesses from adopting formal governance. Cultural preferences for internal control often lead to reluctance in hiring external advisors or forming independent boards (Bammens, 2010). Further studies are needed to explore the psychological and cultural factors behind this resistance.

2.5.2 Theoretical Framework: Bridging the Gap. To address these research gaps, this thesis integrates three key theoretical perspectives: Agency Theory, Stakeholder Theory, and Resource-Based Theory. These frameworks provide a comprehensive understanding of governance challenges in Tunisian family businesses and offer insights into balancing professionalization with cultural and family values.

2.5.2.1 Agency theory. Agency Theory examines the conflicts between principals (family owners) and the agents (non-family managers) (Chua, Chrisman, and Bergiel, 2009). In Tunisian family businesses, these conflicts arise when family members prioritize personal interests, such as wealth distribution or family reputation, over long-term business performance (Al-Faryan, 2024).

This theory emphasizes the need for independent oversight to align family and business interests, reduce conflicts, and promote long-term sustainability. By incorporating independent board members or external advisors, Tunisian family businesses can reduce agency costs and enhance their strategic decision-making processes.

2.5.2.2 Stakeholder theory. Stakeholder Theory emphasizes the importance of considering all relevant stakeholders in governance decisions, not only the family members (Le Breton-Miller, 2009).

This theory advocates for inclusive governance structures, like family councils or advisory boards, that incorporate external professionals. Integrating non-family perspectives enhances transparency, competitiveness, and stakeholder trust, ensuring long-term business longevity.

2.5.2.3 Resource-based theory. Resource-Based Theory (RBT) suggests that a business's competitive advantage lies in its unique resources and capabilities. For family businesses, these resources include family capital such as trust, loyalty, and a shared vision (Eddleston, 2007). However, RBT also underscores the importance of leveraging external expertise to remain competitive (Hentati et al., 2023).

For the Tunisian family businesses case, RBT provides a framework for balancing family values with professionalization. By integrating family capital with professional management and independent inspections, these businesses can maintain their cultural identity while adapting to global business standards. This strategic approach enhances their ability to compete in the evolving business environment.

2.6 Conclusion

The reviewed literature highlights the crucial role of structured governance in preventing conflicts within Tunisian family businesses. While familial ties can be a source of strength for these businesses, they also present a challenge that requires formal governance practices to maintain harmony and effectiveness.

The evolving landscape of family businesses in Tunisia, supported by empirical evidence, suggests that a strategic integration of governance can lead to an enduring framework capable of navigating the complex relationship between personal and professional goals. The broader implications of these findings are beyond the specific context of Tunisian family businesses, which contribute to a wider understanding of how family dynamics affect corporate governance across diverse cultural landscapes. By

emphasizing the need for a balance between governance structure and familial attributes, this review highlights the importance of adaptive governance strategies that respect cultural differences while promoting transparency and accountability. Thus, the insights are valuable for family businesses seeking to enhance resilience and sustain their competitive advantages in an increasingly complex environment. Despite the vast insights provided, the literature still has limitations.

A notable gap relates to the context-specific dynamics of Tunisian family businesses, particularly the influence of local culture on governance practices. A lot of studies have relied on quantitative measures that may overlook nuanced qualitative factors inherent in family business interactions. Moreover, while several governance mechanisms have been identified, their practical application and effectiveness in diverse family structures have not been explored yet. Future research should thus focus on longitudinal analysis that assesses the effect of specific governance tools over time, as well as qualitative studies that dive deeper into the true experiences of family business stakeholders in Tunisia.

In conclusion, this review emphasizes the essential role of governance mechanisms in conflict prevention within Tunisian family businesses, revealing both promising strategies and areas for further investigation. The interplay between family dynamics and corporate governance is a multi-faceted endeavor that attracts ongoing scholarly attention, ultimately helping Tunisian family businesses in navigating the complexities of maintaining familial integrity while ensuring competitive business success.

Chapter 3

Methodology

Family enterprises often face unique challenges, such as balancing familial values with business objectives, and also navigating business structures that can be affected by the family dynamics (Nordqvist et al., 2014).

Given the nuanced nature of governance and conflict management in the family business contexts, especially within the specific cultural and economic setting of Tunisia, this study uses a mixed-methods approach that combines quantitative analyses of survey data with qualitative thematic analyses to explore the relationship between governance mechanisms and conflict prevention practices. The mixed-methods approach is advantageous for this research as it allows integration and cross-validation of quantitative and qualitative findings, resulting in richer interpretations and more robust conclusions (Doyle, Brady, & Byrne, 2016; Sosulski, 2008).

This comprehensive methodological framework not only ensures the reliability and validity of the findings but also enhances the applicability of the study's conclusions, providing meaningful insights for both academic researchers and practitioners engaged in Tunisian and similar family business contexts.

3.1 Research Design

The study adopts a mixed-methods research design that combines quantitative descriptive and qualitative thematic analysis. This approach provides a broad understanding of governance practices and their effectiveness. Quantitative data offers a measurable, statistically reliable insights into governance effectiveness, frequency and

types of conflicts, and perceived strengths and weaknesses of different governance instruments. The quantitative aspect enables generalizability and offers a clear overview of prevalent governance trends across the studied population. (Sosulski, 2008).

Complementarily, qualitative data drawn from the open-ended survey questions and later expanded by follow-up interviews provide depth, nuance, and context that the quantitative methods may overlook. Qualitative thematic analysis highlights the underlying motivations, interpersonal dynamics, cultural factors, and emotional components that influence governance practice.

The usage of both methods ensures that the results are not only statistically significant but also meaningful in context, ensuring more informed practical recommendations for Tunisian family businesses.

3.2 Participants

For this study, the target group consisted of individuals who are either Tunisian family business owners or family members. The initial objective was to collect data from around 50 business owners, while also including additional family members to gather nuanced perspectives. Accordingly, the plan was to distribute approximately 100 questionnaires. At the end, 102 responses were collected.

Key features of the survey participants include:

Role and Involvement: All respondents are either owners or family members actively associated with their family business, which ensures that the insights are directly relevant to understanding the internal dynamics and conflict prevention practices.

Industry: The sample spreads to multiple industries such as manufacturing, services, retail/trade, etc.. This diversity helps in capturing variations in governance challenges and conflict dynamics that are specific to different sectors.

Business Size and Longevity: Respondents come from a variety of business sizes, from small firms with fewer than 10 employees to larger enterprises with over 1000 employees, along with different operational histories ranging from start-ups to

companies established for more than 50 years. This range provides a comprehensive view of governance practices across different stages of business maturity and scale.

Generational Perspectives: The sample includes a mix of senior family members and younger family members. This generational diversity offers important insights into the evolution of governance practices and the role of succession planning in conflict prevention.

The research focuses on owners and closely linked family members, along with the diversity in industry, size, and generational perspective, ensuring that the study captures a robust and relevant cross-section of the Tunisian family business landscape.

3.3 Data Collection

The data collection was conducted over a five-week period through a structured online questionnaire. After which, 102 responses were collected. The survey was anonymous, voluntary, and accompanied by an introductory message explaining the purpose of the research and assuring confidentiality.

In addition to the quantitative responses, the survey included open-ended questions to allow participants to express thoughts, challenges, and personal experiences related to governance and conflict. Some participants who provided particularly rich or insightful responses were contacted for follow-up interviews.

Qualitative follow-up interviews included 15 participants chosen based on their willingness and the richness of their initial responses.

3.4 Data collection instruments

The survey questionnaire included detailed sections targeting demographic information, governance structures, conflict management practices, and generational involvement. It included various sections:

Demographic and Business Information: Industry type, business size, family involvement levels, and operational duration.

Governance Structures: Presence and usage of formal instruments such as family constitutions, boards of directors, advisory councils, shareholder agreements, and succession plans.

Effectiveness Assessments: Participants rated the effectiveness of each governance instrument on conflict prevention using a 5-point Likert scale (1 = Not Effective; 5 = Extremely Effective).

Conflict Management: Questions targeted conflict frequency, typical conflict sources, and the prevalent resolution mechanisms.

Generational Dynamics: Participants assessed younger generations' involvement, impact, and effectiveness in governance roles.

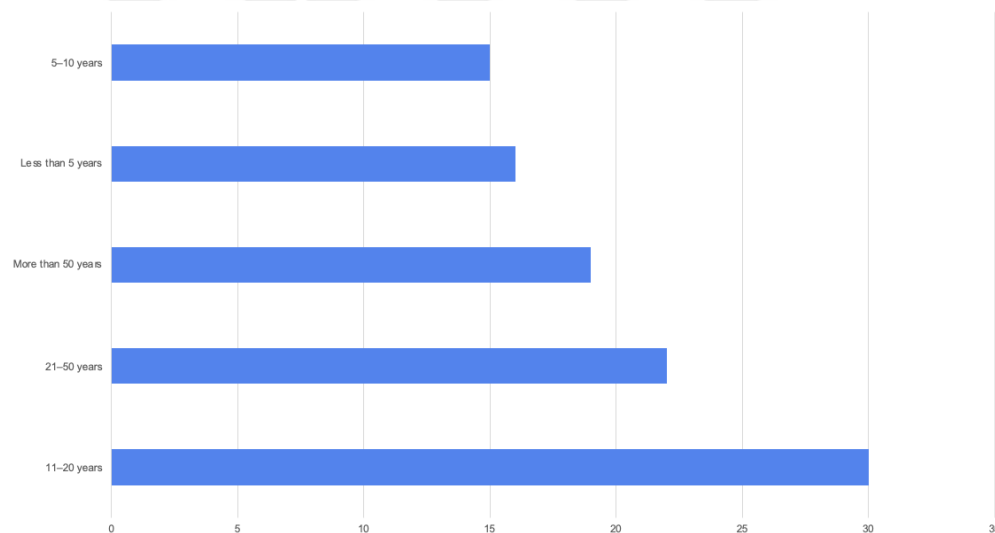


Figure 1. Number of years of operation of participating family businesses.



Figure 2. Participating family business size.

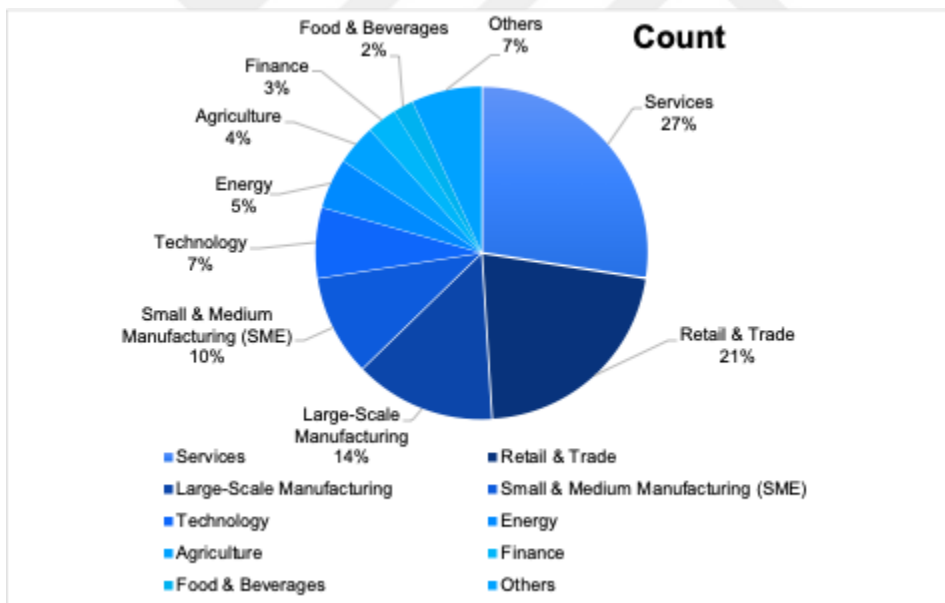


Figure 3. Industry distribution of the participating family businesses.

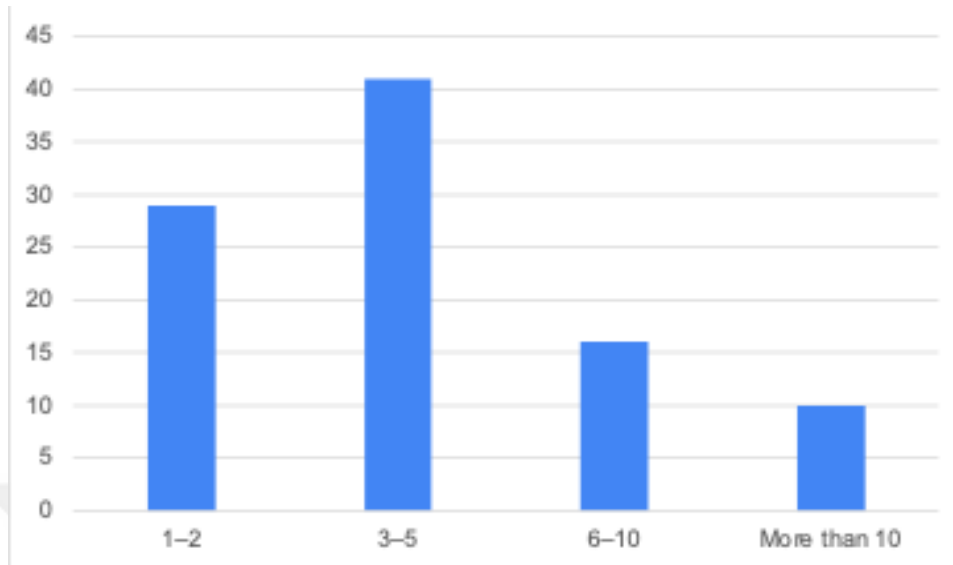


Figure 4. Number of family members involved in management.

The semi-structured interview complemented the survey, allowing further elaboration on key survey responses. Interviews inspected subjective opinions based on personal narratives, case-specific experiences of governance implementation, conflict occurrences, resolution strategies, and generational dynamics addressing:

- Detailed investigation of governance effectiveness.
- Specific examples of conflicts and resolutions.
- Perceptions of informal governance practices.
- Experiences with formal governance implementation challenges.
- Insights into generational transitions and their governance implications.

The survey and interview instruments underwent pre-testing with a smaller sample consisting of 10 family business members to ensure relevance and accuracy, resulting in refinements that increased both reliability and participant comprehension.

3.5 Data Collection Procedures

The data collection process was executed following a structured and ethical protocol:

Survey Administration: The survey was online and conducted on Google Forms. It was sent using a secure link. The survey includes an introductory message outlining the study's objectives, assuring confidentiality, and providing instructions for its completion.

Response Monitoring: The survey was open for approximately five weeks. During this period, periodic reminders were sent out to maximize participation. These reminders emphasized the importance of the study and reassured respondents about the anonymity of their contributions.

Ensuring Quality and Authenticity: To improve data quality and encourage candid responses, the survey was anonymous, and respondents were informed that their identities would remain confidential.

Data Handling: Upon closure of the survey period, the data were extracted and verified for completeness. Data cleaning and validation were performed using Microsoft Excel and IBM SPSS, which enabled the identification and removal of responses with excessive missing values or non-numeric entries in key analysis variables.

Ethical Considerations: The entire data collection process followed ethical guidelines such as informed consent from all participants, data anonymization, and secure storage of collected responses.

3.6 Data Analysis

The analysis approach for this study was designed to leverage the strengths of both quantitative and qualitative methodologies:

3.6.1 Quantitative data analysis. The quantitative data, collected through Likert-scale and multiple-choice questions, were analyzed using Microsoft Excel and IBM SPSS. These tools allowed for the accurate computation of descriptive statistics and systematic handling of coded variables.

Descriptive Statistics: Measures such as means, medians, modes, and standard deviations were calculated to assess how participants rated the effectiveness of various governance mechanisms in preventing conflict.

Listwise Deletion: SPSS was used to apply listwise deletion for handling missing or inconsistent data in key analysis sections, ensuring only complete and reliable responses were included.

Cross-tabulation and Correlation Analysis: Relationships between key variables, such as company size, generational stage, and perceived governance effectiveness, were explored using cross-tabulations and basic correlation checks.

3.6.2 Qualitative data analysis. Open-ended survey responses and interview transcripts were subjected to thematic analysis. An iterative coding process was used to identify recurring themes and patterns related to governance practices, succession challenges, and conflict resolution.

Coding and Theme Extraction: Responses were manually reviewed, categorized, and clustered around key topics such as generational tensions, role clarity, communication practices, and governance resistance.

Data Triangulation: Qualitative insights were triangulated with quantitative trends to enhance interpretation.

3.7 Interview Participants and Analysis of Interviews

Out of 102 survey respondents, 15 were selected for in-depth interviews based on the richness of their open-ended responses and their active roles in the family business. The goal was not to generalize but to deepen the understanding of governance practices and family dynamics. This number was sufficient to reach thematic saturation. All interviews were conducted confidentially and anonymized for ethical reasons, with no names or company identifiers disclosed.

Table 1

Summary and Insight of Interview Participants

Participant	Description
P1	Family Business co-founder, service sector. In the interview, he spoke about shared decision-making between family and non-family members, the use of annual meetings, and the potential value of external advisors in conflict resolution.
P2	Family shareholder (not involved in management), large scale manufacturing company. In the interview, she explained how the business transitioned to a non-family CEO. She mentioned early resistance from the family regarding this, and emphasized the continued role of the board and structured governance tools in the success of their business.
P3	Family Business owner, SME manufacturing company. In the interview, he highlighted the division between family strategic leadership and non-family operational management, the use of external consultants, and the importance of communication and early succession planning.
P4	Business owner, services sector. In the interview, he described shared decision-making between family and non-family members, highlighted the use of monthly meetings, shareholder agreements, and a family constitution, and emphasized the importance of early governance structuring to avoid conflict caused by the overlapping of responsibilities.
Table 1	(cont'd)
P5	Business owner, retail and trade sector. In the interview, he explained how strategic decisions remain within the family while operations are handled by professionals. He discussed the introduction of shareholder agreements and advisory boards to the business, and emphasized the challenges of succession, the value of gradual generational integration, and the importance of communication in preventing conflict.

P6	Member of a multi-generational family business facing leadership disputes. He emphasized that lack of clarity over who takes decisions created frustration among siblings. He advocated for family meetings and role documentation.
P1	Family business owner, retail and trade sector. In the interview, he described how their family has low daily involvement in the business activities, early use of governance tools like shareholder agreements, and his belief that younger generations help in future governance. He highlighted the need for strategies and the formalization of governance.
P8	Business owner, retail and trade sector. In the interview, he described the use of a board with family and non-family members, shareholder agreements, and succession planning. He discussed resistance from older generations, the importance of clear roles, and the value of external advisors in maintaining professionalism and preventing emotional conflict.
P9	Family member involved in Management, SME manufacturing company. In the interview, she described the split between family-led strategy and professional operations, the use of defined roles and external advisors, and stressed that transparent communication is key to preventing conflict and ensuring successful governance.
P10	Business owner, services sector. In the interview, she described a fully family-managed business with informal governance, highlighted recurring tensions due to unclear roles and decision-making authority, and
Table 1	(cont'd) acknowledged the growing need for formal succession planning and external advisory support.

- P11 Non-family shareholder (in-law), large-scale manufacturing sector. In the interview, she described the use of a board with both family and non-family members, regular meetings, and external advisors. She emphasized the importance of communication and inclusion in preventing conflict and praised the younger generation's role in modernizing governance.
-
- P12 Family member involved in management, technology sector. In the interview, he discussed the challenge of gaining trust from the older generation while building a new company rooted in family legacy. Emphasized the value of equal decision-making with non-family professionals, the role of formal strategy, and the need to support younger generations inside and outside the business.
-
- P13 Business owner, large-scale manufacturing sector. In the interview, he described building the company with his brothers and now preparing for the next generation through formal governance. He emphasized the importance of boards, family councils, and succession planning, noting that well-structured systems provide clarity and peace of mind.
-
- P14 Family shareholder (not involved in management), SME manufacturing sector. In the interview, she discussed unequal contribution among family members, lack of seriousness toward informal governance rules, and the difficulty of implementing structure when emotions run high. She emphasized the need for legal clarity and for older members to give space to younger, more capable generations.
-
- P15 Family member involved in management, retail & trade sector. In the interview, he described how shared family values and structured governance such as weekly meetings help reduce conflicts. He emphasized the importance of formal governance to clarify responsibilities and noted that younger generations are seen as key to future strategic improvement.

3.7 Key Themes Identified from Interview Analysis

Family Involvement in Governance. Most participants viewed family involvement as essential for maintaining legacy, values, and long-term vision. However, they noted that undefined roles create power conflicts, which cause inefficient business operations. Companies with official roles and shareholder documents experienced noticeably lower internal conflicts among members.

Conflict Prevention Through Structure and Dialogue. Clear governance structures such as advisory boards, family constitutions, and formal meetings were highlighted as effective tools to prevent or resolve conflicts. However, several businesses still rely heavily on informal practices, which can lead to unresolved tensions or emotional decision-making.

Succession Planning and Generational Dynamics. Many interviewees cited succession planning as one of the most sensitive and often delayed governance issues. Younger generations are seen as vital for business innovation, digital transformation, and global competitiveness. However, resistance from older generations and unclear succession paths were commonly mentioned as sources of frustration.

Transition to Professional Management. Several businesses have transitioned or are transitioning to professional management that consists of nonfamily members. While initial resistance was common, the participants generally agreed that this shift improved operational efficiency and neutrality.

Emotional Influence in Decision-Making. A recurring theme was the impact of emotions on decision-making in Tunisian family businesses. Many participants acknowledged that decisions were sometimes influenced by family dynamics rather than business logic. Those who had integrated external advisors and clearer governance systems felt more protected from emotional bias.

Role of External Advisors. Almost all interviewees who had engaged external advisors viewed them as critical to conflict resolution, neutrality, and governance clarity. Their role was particularly appreciated during succession discussions or when navigating internal disputes.

The interviews validated many of the survey findings and added a deeper understanding of governance and conflict within family businesses. While family values and commitment remain at the core of these businesses, participants repeatedly emphasized the importance of evolving toward structured, transparent, and professional governance systems.

The diversity of voices in these interviews, ranging from old multigenerational companies to newer ventures, revealed that regardless of size or sector, the most stable and successful family businesses are those that balance legacy with adaptability, and emotion with structure.

3.8 Reliability and Validity

The research consistently maintained reliability and validity standards during its entire duration. Various verification procedures existed to maintain the consistency and accuracy, and trustworthiness of data collection results. First, to ensure reliability, the survey was developed using a standardized structure with clearly worded closed-ended questions, including Likert-scale formats and categorical options. This uniformity helped minimize misinterpretation and improved the consistency of responses across participants. The survey was also pilot tested with a small group of individuals familiar with the family business context. The participants' input assisted in clarifying unclear survey questions, thus increasing the survey's internal reliability (Presser, Couper, Lessler, Martin, Martin, Rothgeb, & Singer, 2004).

Additionally, open-ended responses were reviewed and coded manually using a systematic thematic process. Recurring themes were cross-verified and analyzed through multiple iterations to enhance coding consistency and reduce subjectivity (Braun & Clarke, 2006). An internal check was carried out to confirm the valid connection between respondent demographic information and governance responses before removing data with missing or inconsistent parts from the final 102 participant pool.

In terms of validity, particular attention was paid to content validity during the design phase. All survey and interview questions were constructed based on existing governance literature and previous academic frameworks related to family business management, ensuring alignment with relevant theoretical concepts. The study also

employed methodological triangulation, integrating quantitative and qualitative data to enhance credibility and provide a more nuanced interpretation of governance and conflict in family businesses. This triangulation helped confirm that the themes emerging from interviews supported the patterns observed in the survey (Denzin, 1978).

3.9 Limitations of the Study

First, the study relied on purposive and convenience sampling, which, although useful for reaching relevant participants, may not fully reflect the broader population of Tunisian family businesses. Although the sample was diverse in terms of sector, business size, and generational involvement, it is still possible that the voices captured reflect those more willing, available, or comfortable discussing governance practices.

Another concern is response bias. The self-report methods in the survey and interviews might have caused participants to provide an exaggerated and positive representation of their business operations. The tendency to present themselves in a favorable light might have influenced some participants to give exaggerated ratings of governance professionalism and hide organizational disputes. Despite assurances of anonymity, this risk remains a common challenge in family business research.

The number of follow-up interviews also presents a limitation. While the qualitative insights gathered were rich and detailed, the interview sample remains relatively small. Better insights could have been achieved by conducting research across a wider range of business generations, combined with different sectors, along with different governance maturity levels.

Lastly, the research adopts a cross-sectional design because it collects data at only one particular moment in time. The study is unable to observe how family governance procedures evolve together with familial dynamics or whether existing governance approaches remotely ensure enduring conflict prevention. The research design should include longitudinal methods to monitor ongoing shifts because this would better demonstrate cause-and-effect relationships.

Chapter 4

Findings

4.1 Descriptive Statistics from Questionnaire

To evaluate the perceived effectiveness of governance mechanisms in conflict prevention, respondents rated various corporate governance tools using a 5-point Likert scale from 1 (Not Effective at All) to 5 (Extremely Effective). The table below summarizes the mean, median, and standard deviation for each mechanism.

Table 2 *Effectiveness Ratings of Governance Mechanisms*
Effectiveness Ratings of Governance Mechanisms

Governance Mechanism	Mean	Median	Standard Deviation
Advisory Board	3.08	3.0	1.00
Board of Directors (with family and/or non-family members)	3.34	3.0	1.08
Clear Business Strategy and Vision	4.09	4.0	0.98
Defined Leadership and Decision-Making Processes	4.06	4.0	0.94
External Advisors or Consultants	3.43	4.0	1.21
Family Constitution or Agreement	3.29	3.0	0.99
Regular Family Meetings for Business Discussions	3.68	4.0	1.06
Succession Planning in Advance	3.52	4.0	1.01
Transparent Financial Management and Reporting	3.96	4.0	0.94
Well-Structured Shareholder Agreements	3.63	4.0	0.96

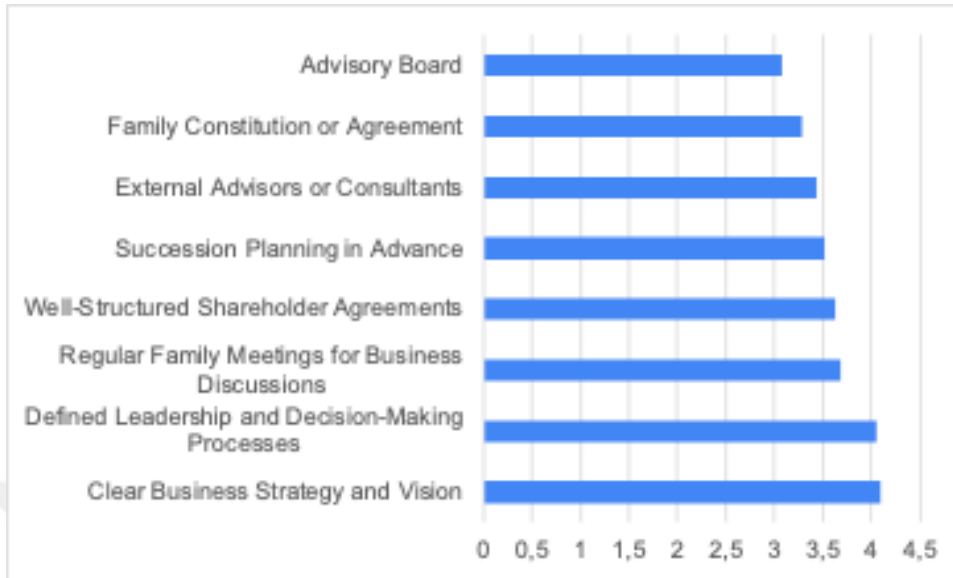


Figure 5. Mean ratings of governance mechanisms in conflict prevention.

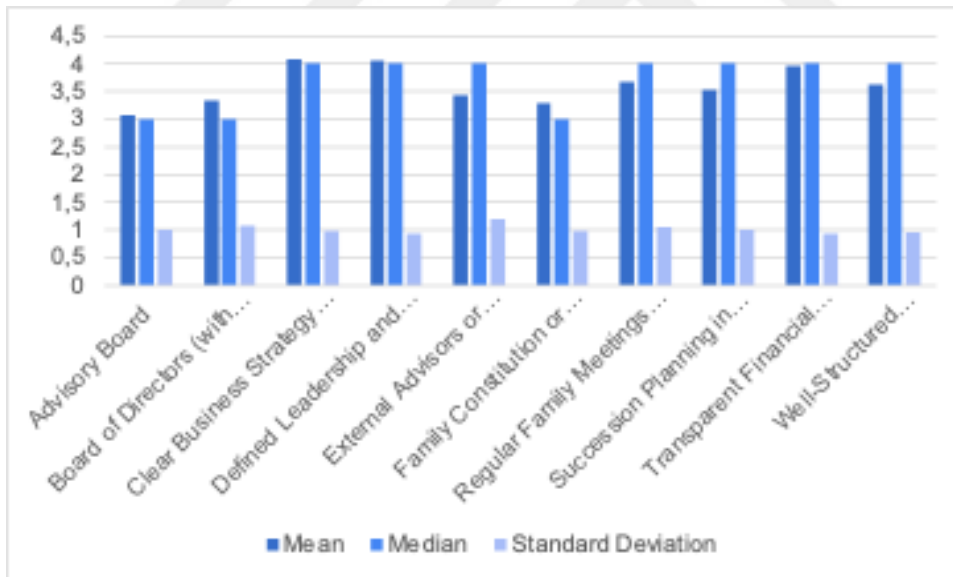


Figure 6. Statistical summary of governance mechanisms in conflict prevention.

These results show that Clear Business Strategy, Defined Leadership Roles, and Transparent Financial Reporting were rated as the most effective tools for preventing internal conflict. Meanwhile, Advisory Boards and Family Constitutions got lower average scores, indicating either underuse or uncertainty regarding their effectiveness.

4.2 Key Success Factors and Governance Insights

In addition to rating the effectiveness of specific governance mechanisms, respondents were asked to evaluate a series of agreement-scale statements regarding their experiences with governance structures, conflict resolution, and succession planning. The table below presents the frequency of responses for each statement using a 5-point Likert scale, ranging from “Strongly Disagree” to “Strongly Agree.”

Table 3

Participants’ Agreement on Governance Mechanisms Statements

Statement	Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly Agree
Governance mechanisms help reduce internal family conflict	0	1	4	35	62
Clearly defined roles prevent role confusion and disputes	0	2	4	34	62
Succession planning contributes to business continuity	0	6	6	34	56
External advisors are effective in mediating internal conflict	0	3	7	39	53
Regular family meetings support transparency and communication	1	4	6	35	56

Table 4

Assessment of Governance Instruments: Mean Effectiveness vs. Application Rate

Governance Tool	Effectiveness (Mean Rating)	Application (%)
Clear Business Strategy and Vision	4.09	40.2
Defined Leadership and Decision-Making Processes	4.06	54.9
Regular Family Meetings for Business Discussions	3.68	50
Well-Structured Shareholder Agreements	3.63	25.4
Succession Planning in Advance	3.52	20.6
External Advisors or Consultants	3.43	45.1
Family constitution or Agreement	3.29	10.8
Advisory Board	3.08	9.8

The data in the table above reveals a strong overall agreement on some key governance principles. Respondents declared their support through agreements toward the following statements:

- Governance mechanisms reduce internal conflicts
- Clearly defined roles prevent role confusion
- Regular family meetings enhance transparency

This demonstrates the importance of a clear, structured communication system in business stability.

A majority of respondents agreed with succession planning, despite the fact that fewer participants endorsed it with strong agreement. It received a mean effectiveness rating of 3.52, but was only applied by 20.6% of participants, highlighting the gap between recognition and implementation. These rating on succession planning might

indicate both a correct assessment of this tool's significance and the potential emotional and cultural barriers that slow down implementation practices.

Most participants confirm that external advisors prove valuable in handling conflicts that arise within their organizations. This is also reflected in its 3.43 effectiveness rating and a moderate application rate of 45.1%. Businesses in this context show varying opinions about objective evaluation services because some families are unsure about the sources of hesitancy.

Notably, tools with the lowest application rates such as Family Constitutions (10.8%) and Advisory Boards (9.8%), also received the lowest effectiveness ratings (3.29 and 3.08, respectively), which may be due to limited familiarity or perceived relevance in the local context.

Overall, these insights reinforce the need for structured governance tools, especially those that clarify roles, foster communication, and provide external guidance, as they are considered key elements that can reduce internal tension and promote smoother generational transitions.

4.3 Contribution to Conflict Prevention

Insights were drawn from both the quantitative ratings and qualitative thematic findings collected through open-ended responses and interviews to explore how family and corporate governance mechanisms contribute to conflict prevention within Tunisian family businesses.

4.3.1 Quantitative insights. The highest-rated governance tools, which are defined leadership roles, clear business strategy, and transparent financial reporting, produced the greatest perceived conflict reduction effect.. People highlighted how these tools produced three main outcomes:

- Role clarity and reduced overlap
- A shared direction and goal alignment
- Greater trust and reduced suspicion over financial decisions

Succession planning and family meetings proved to be important contributions in preventing conflicts, yet they showed less pronounced effects compared to other governance tools. The analysis suggests that practical barriers might explain this finding because implementing these approaches turns out to be inconsistent in businesses that experience authority challenges across generations or face communication restrictions due to cultural differences.

External consultants paired with advisory boards provided modest contributions to conflict prevention regardless of family business maturity level. Low adoption rates, together with some external involvement skepticism, restricted the overall impact of these mechanisms.

4.3.2 Qualitative thematic insights. Open-ended responses and interviews revealed six recurring themes that shed light on how governance mechanisms are or are not used to prevent conflict:

Role Clarity and Communication. Many participants said that conflicts often arise when responsibilities are not defined or when informal structures dominate decision-making. Clearly assigned roles, especially when combined with family councils or meeting routines, were identified as crucial for maintaining internal harmony.

As illustrated by participants' responses:

"If roles and communication are not clearly defined, it can lead to conflicts."

"Clear roles and good governance are key."

Resistance to Succession Planning. Various survey respondents acknowledged succession importance, but real implementation remained limited. Senior members of the family businesses resisted changes because they held onto control functions.

As illustrated by participants' responses:

"My father still wants to manage everything, even though we've had discussions about stepping back."

"Succession is a sensitive topic."

Generational Tensions. Younger generations were described as drivers of innovation and modernization, especially in digital transformation and governance reform. However, their ideas sometimes faced opposition from older members.

As illustrated by participants' responses:

"Fresh perspectives are important, but not always welcomed."

"The digital shift was proposed by the younger generation—it helped, but required convincing the elders."

Cultural Resistance to Formal Governance. Family businesses that adapted external consultants saw beneficial results in mitigating conflicts, especially when it comes to strategic development. The participants valued the objective third-party perspective that these advisors provided.

As illustrated by participants' responses:

"Formal structures feel too corporate, and we prefer to handle things internally."

The Role of External Advisors. When embraced, external advisors played a positive role in de-escalating tensions, especially during succession or strategy formulation. Their objectivity was cited as helpful in emotionally charged discussions.

As illustrated by participants' responses:

"Neutral advice helped us navigate hard conversations without damaging relationships."

Emotional Interference in Decision-Making. Finally, the emotional nature of family relationships was consistently mentioned as a major challenge in making business decisions. Emotional attachments often delay difficult conversations, leading to unresolved issues that eventually grow into major conflicts.

As illustrated by participants' responses:

"Some decisions are delayed because we try to avoid conflict instead of solving it."

All of this together reveals that Tunisian family business conflict prevention requires the proper implementation of governance mechanisms that integrate with cultural norms. Mechanisms that foster role clarity, transparency, and structured communication appear most successful in preventing disputes. The main challenge to changing behaviors lies in opposition to succession redistributions and the implementation of formal business processes.

This reinforces the idea that governance frameworks should be tailored to cultural values and that education and gradual implementation are key for increasing adoption. The findings suggest that governance tools, when properly aligned with family dynamics and used consistently, can significantly reduce internal tension and promote long-term stability.



Chapter 5

Discussion

5.1 Discussion of Findings in Relation to Research Questions and Hypotheses

This section discusses the main findings in light of the research questions and hypotheses introduced earlier in the study.

Q1 & H1: The data showed that structured governance mechanisms, such as clear business strategy, defined decision-making roles, and regular family meetings, were rated among the most effective in preventing internal conflicts. Findings validate **H1** because established formal governance systems play a major role in reducing family business disputes.

Q2 & H2: Findings from the assessment tools show some widespread use, yet many businesses maintain informal communications as well as trust-based relationships for managing conflict within their organizations. Research findings validate **H2** because informal governance practices continue to dominate the businesses but especially in first and second generation organizations.

Q3 & H3: Succession planning received average ratings for its effectiveness according to survey results, which matched the interview data that described strategic implementation difficulties. These findings partially support **H3**. When succession is planned, it reduces conflict. However, many firms lack full implementation due to multiple reasons.

Q4 & H4: The role of informal governance was present in qualitative data. Families described managing disputes through internal discussions or interventions by senior family members. However, businesses that involved external advisors reported

more successful outcomes, affirming **H4** that the lack of independent guidance increases unresolved conflicts.

Q5 & H5: The influence of generational stage emerged clearly. Younger generations pushed for more structured systems, while older members often resisted change. This generational dynamic supports **H5**, suggesting that governance needs evolve with family maturity and require flexible adaptation.

5.2 Implications for Family Business Longevity and Success

The findings of this study offer several implications for the long-term sustainability and success of Tunisian family businesses. Firstly, the study results demonstrate the need for defined governance systems to decrease family member ambiguity and enhance their communication. Tools such as defined leadership roles, transparent financial reporting, and clear business strategy reduce conflicts and strengthen strategic alignment, thus enhancing which ensures long-term business resilience.

Secondly, the research indicates that while first and second generation family businesses largely retain their informal governance procedures, the methods prove ineffective for growing larger and complex enterprises. Companies that used only informal methods had lower resistance to managing unresolved disputes, as well as confusion regarding role understanding and succession matters. Family businesses that aim to preserve growth stability need to start implementing formal governance systems as a result of these findings.

Furthermore, the generational shift within family firms poses both challenges and opportunities. Organizations benefit from younger members by getting their fresh ideas together with their contemporary governance methods, along with their flexible approaches to compete effectively in dynamic markets. Business development becomes challenged when younger members are held out of critical decisions or when corporate leadership fails to adapt to modern methods. This indicates the need for inclusive

governance strategies that incorporate the input of younger generations while respecting the concept of family DNA, legacy, and values of older members.

Lastly, the effective use of external advisors was shown to improve conflict resolution and facilitate difficult transitions such as succession. Although generally

adopted, those who used external expertise reported better decision-making processes and reduced emotional bias. The wider implementation of these practices would produce strengthened governance results and extend the longevity of family businesses.

5.3 Comparison with Existing Literature

The findings of this study align closely with the existing literature on family business governance, while also offering culturally specific insights into the Tunisian context.

Firstly, consistent with the work of (Lane et al., 2006) and Chrisman et al. (2017), this research confirms that clearly defined roles and formal governance structures, such as shareholder agreements, succession planning, and transparent decision-making processes, are associated with lower levels of internal conflict and greater operational stability. Participants in this study rated these mechanisms as highly effective, validating the claims that structure enhances clarity and reduces emotional decision-making.

Secondly, this finding confirms Kubiček and Machek (2020) and Trebicka (2023) that succession is still a major grid in family business. Echoing global observations about resistance to leadership transition, interviewees noted a persistent challenge in getting older generations to step aside and devising pragmatic succession plans.

As confirmed by the research in line with the work of Lane et al. (2006), Haroon & Zaka (2023), governance goes beyond control and involves weighing personal familial relationships and professional responsibilities. Communication, mutual respect, and structured dialogue were very much what participants consistently emphasised. This

was highly mentioned in literature that stresses the role of this type of governance practice in maintaining harmony.

The study results demonstrate the hybrid governance issues discussed by Djebali (2020) along with Gnan (2013). The use of formal governance mechanisms has gained increased popularity, yet traditional cultural barriers persist to hinder their implementation. Tunisian resistance stems primarily from preserving seniority norms together with trust-based ties and worries regarding family harmony from adopting formal

structures. This also supports the findings of Khlif et al. (2015) with Petrolo (2018) about governance practices in high-context cultures.

Moreover, the study extends knowledge of regional literature through its examination of governance within the particular North African cultural patterns that include patriarchal systems combined with loyalty affiliations and traditional dispute resolution methods specific to Tunisia. The study helps to address the research deficit pointed out by Khlif et al. (2015), along with Khanchel (2007), about Arab family businesses being underrepresented in empirical governance investigations.

This research also provides new empirical evidence to the argument of Hentati et al. (2023) that younger generations play a pivotal role in the modernization of governance structures via introducing digital tools, bringing innovation, process transparency, and development of an external advisory board. Respondents frequently mentioned that younger family members pushed for change, even when facing opposition from older shareholders.

Lastly, although global literature promotes the value of external advisors in mediating disputes and improving strategy (Chan et al., 2022), this study finds that their adoption in Tunisia remains limited. Where used, however, their impact aligns with prior findings, providing neutrality, reducing emotional escalation, and improving succession outcomes.

Overall, despite the common governance problems that Tunisian family businesses face that are shared globally, the socio-cultural character of the Tunisian context further complicates them. This study complements much of the international

literature, but stresses the importance of culturally adaptive governance models adapted to local norms and values.

5.4 Recommendations

Key recommendations emerge based on the findings and observation of this research are:

Support Early Succession Planning: Tunisian family businesses must begin succession planning early and normalize succession discussion, creating plans that are merit-based with accomplices' mentorship.

Promote External Advisor Involvement: More businesses should hire external advisors to avoid emotional bias and to make leadership transitions more strategic.

Strengthen Use of Governance Instruments: Tools such as family constitutions, advisory boards, and formal decision-making procedures should be used and not just documented or symbolized.

Support Generational Integration: Owners should facilitate the integration of younger family members, resulting in their contribution in meaningful ways without disregarding the concept of family DNA and the core values of the enterprise.

Cultural Adaptation of Governance Models: Instead of copying the Western models, governance should be adapted for the local environment, such that Tunisian traditions will be respected and transparency and professionalism are elevated.

These strategies can close the gap between traditional management approaches and the demands of modern governance, which leads to more stable, scalable, and conflict-resilient family businesses in Tunisia.

Table 5

Strategic Governance Framework for Tunisian Family Firms

Area	Key Recommendation	Expected Outcome
Succession Planning	Initiate early, merit-based planning with mentorship	Smooth leadership transition and reduced succession conflict

External Involvement	Advisor	Engage advisors	neutral in decision-making	external	Minimized emotional bias which leads to strategic objectivity
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Table 5 (cont'd)

Usage of Governance Instruments	of	Actively apply tools of Corporate Governance like family constitutions and board of directors	Structured, transparent
Generational Integration		Involve younger generations meaningfully, respecting core values	Continuity, innovation, and sustained family identity
Cultural Adaptation		Customize governance models to align with Tunisian social and business culture	Increased adoption, trust, and practical effectiveness

Chapter 6

Summary

6.1 Summary of Key Insights

This study explores how family and corporate governance instruments are applied to prevent conflicts within Tunisian family businesses. Through a combination of survey data and in-depth interviews, the findings revealed that structured governance mechanisms such as defined leadership roles, shareholder agreements, and transparent financial reporting are widely recognized as effective tools for minimizing internal conflicts. Among these, a clear business strategy and defined succession plans were particularly valued by respondents across generational stages.

Nevertheless, the study also showed the important role of informal governance practices like direct family discussions or as senior family members intervention when conflicts occur. Tunisian family firms of earlier generational stages or smaller enterprises still rely heavily on these informal mechanisms. The research also demonstrates that relying on informal methods may foster trust and flexibility. However, relying solely on them methods may pose challenges as businesses grow.

The study's results also confirmed that generational maturity is important for the adaptation of governance. Businesses in second or third generations were more likely to implement hybrid models that merge tradition with formal structures, suggesting an evolution toward professionalization without fully detaching from cultural identity.

Finally, one of the strongest insights was that open communication and trust, and not structure alone, are at the heart of effective conflict prevention. Governance

instruments are only as effective depending on the shareholders' and members' willingness to use them consistently and with shared intent.

6.2 Implications for Family Business Practices

These findings have important implications for Tunisian family firms as well as for the wider ecosystem around such firms, and their relevance is that governance solutions should be adapted to the cultural and generational context of each business. It's not enough to simply copy Western corporate governance models. Consequently, family firms should adopt advisory boards or constitutions of the family to match their values, trust structure, and decision-making habits.

Second, those businesses that promote the development of formal governance frameworks proactively are more likely to head off leadership crises or internal splits. It is also important to integrate the younger generation into these frameworks. The things they teach modernize strategy and tie them to the firm's best points.

Third, external advisors and professional management are not threats to the family's control. Used rightly, these actors aid in family leadership and provide neutrality and subjectivity during highly sensitive or contentious moves. A critical step in evolving governance without losing cohesion is to build internal readiness and family wide agreement in involving outsiders.

The study further underscores the importance of offering culturally responsive support from policymakers and consultants when working with family enterprises. Such efforts that promote and encourage communication between generations, provide training in governance to all stakeholders, and generally move towards gradual formalization will have a more positive impact on the Csphere than a one-size-fits-all approach.

6.3 Limitations and Future Research Directions

Despite its valuable insights, the study presents several limitations that must be acknowledged. First, the sample was limited to Tunisian family businesses, selected mainly through a purposive and convenience sample. Although sector diversity was

maintained, the findings may not fully reflect the experiences of less formalized or smaller enterprises in rural areas. Furthermore, many respondents may have omitted reporting of the internal conflict because of cultural sensitivity, especially during interviews.

The second limitation is that the study is cross-sectional, and thus, the time trend of governance practices cannot be followed. The longitudinal research, however, would be the best means to accurately capture the transition process as families embark on succession plans or shift from the first to the third generation of management.

Third, an analysis of both formal and informal governance instruments was conducted, but the weight of the study was more on the perception by participants rather than performance outcomes. Future research may consider the study of actual business performance and governance models to determine if there are correlations between profitability, growth, or stakeholder satisfaction based on the use of some of these tools.

Finally, future studies may focus on comparative analysis of Tunisian family businesses with other countries of similar socio-cultural context, like Morocco and Algeria. This could uncover regional patterns and sharpen culturally specific governance solutions that are both effective and scalable.

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