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Article

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MANAGEMENT | RESEARCH ARTICLE

The effect of ownership and management structure on family businesses performance

Mohammad Azizi[1]*, Masoud Salmani Bidgoli[2] and Arash Taheri[3]

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*Corresponding author: Mohammad Azizi, Faculty of Entrepreneurship, University of Tehran, Iran, Islamic Republic Of
E-mail: m_azizi@ut.ac.ir

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Pantea Foroudi, MBT, Middlesex University, London, UK

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Abstract: The study examines the structure of ownership and management of family businesses and investigates whether it influences the performance of family businesses or not. The interplay between family, ownership, and management of business creates a setting for family businesses that promotes the performance of the family businesses. Statistical population is family businesses of the food industry in Tehran Province of Iran. One hundred and sixty-three CEOs of family businesses of the food industry were analyzed. Data were collected using a questionnaire survey from their CEOs. We observe that the ownership and management structure of family businesses influence the performance of family businesses in a positive way. We conclude in accordance with other theories that companies owned by the families are characterized by higher performance.

Subjects: Finance; Business, Management and Accounting; Corporate Governance; Entrepreneurship and Small Business Management

Keywords: family business; ownership and management structure; performance

1. Introduction

Family businesses are the most dominant form of business (Johansson et al., 2020; Nordqvist & Gartner, 2020; Poza & Daugherty, 2020; Suddaby & Jaskiewicz, 2020). As the most common form of business organization in the world, family-owned or -controlled businesses account for over 80% of all firms, 12% of GDP, and 15% of the workforce in the United States (Lee, 2006). A large body of

Mohammad Azizi

ABOUT THE AUTHOR

Mohammad Azizi holds a Ph.D. in Higher Education Administration with a special concentration on Entrepreneurship. He is presently a Faculty member of Entrepreneurship, University of Tehran, Iran. His research interests focus on Entrepreneurship, business education, coaching and mentoring, and Academic Entrepreneurship. His works have been published in local and international journals.
Masood Salmani Bidgoli is a graduate of social research at Shahid Beheshti University. His research interests include trust, organizational behavior, and family business research.
Arash Taheri is a graduate of entrepreneurship at the faculty of entrepreneurship, university of Tehran.

PUBLIC INTEREST STATEMENT

The structure of ownership and management of family businesses is unique and could provide specific advantages for the business. The role of the structure of ownership and management on the performance of family businesses has always been paramount. Explaining distinct features related to and different approaches to define ownership and management structure of family businesses, the study concentrates on this discrete characteristic that could promote performance, not just focusing on financial performance, but on the more direct measures of firm performance, namely, financial, costumer and market share, of family businesses of the food industry in Tehran Province of Iran. Our results show that companies that are possessed by families and have definite elements of family businesses are associated with higher performance in dimensions of financial, costumer, and market share.

literature has identified the unique attributes of family firms vis-à-vis corporations of diverse ownership and management (Lee, 2006). Recent research suggests family firms often possess unique characteristics and sources of competitive advantage relative to nonfamily firms (Bratnicka-Myśliwiec et al., 2019; LABAKI, 2018; Moaşa, 2019; Phua, 2017; Sandlin, 2017). These unique and inimitable resources enable family firms to achieve and sustain superior levels of financial performance over time (Cirillo et al., 2020; Kallmuenzer & Peters, 2018; Martínez-Romero et al., 2020; Saidat et al., 2019; Santiago et al., 2019; Zahra et al., 2008). Consistent with these potential sources of advantages, some studies show family firms have higher average levels of financial and market performance than nonfamily firms (Anderson & Reeb, 2003; Mishra et al., 2001; Sraer & Thesmar, 2007). Family business ownership can lead the firm to sustainable performance (Aronoff & Ward, 2016; Binz et al., 2017; Chung & Dahms, 2018; Mokhber et al., 2017; Samara & Berbegal-Mirabent, 2018). Many researchers argue that family members with large, concentrated ownership have more incentives to maximize a firm's performance and that they also have the power to do so, unlike diverse investors in a nonfamily firm. Given their ownership, founding family members are also more likely to participate in firm management (Lee, 2006). The relationship between ownership structure and firm performance in a family business is positive; it also can be mediated by family leadership (Chung & Chan, 2012). Family businesses may also attempt to invest more efficiently because they may view their businesses as an asset to pass on to succeeding generations. The family's longer outlook also implies a more vital role in business survival among family businesses. From the strategic management point of view, these differences in strategy, structure, and goals must ultimately affect performance to be cogent (Chrisman et al., 2005). Several authors discovered a generally positive influence for family top management involvement on performance ratios (Basco & Rodríguez, 2011; Brenes et al., 2011; Maury, 2006; Sreih et al., 2019). In regard to these literature, the question of the study is to investigate whether the ownership and management structure of family business leads the business to higher performance or not? The article contributes to the literature by helping to clarify ownership and management structure theory and how ownership and management structure of family business affects business performance.

The remainder of the paper is as follows. First, an overview of the family business and its ownership and management structure and its contribution to the theories of family business and performance are provided with a special focus on differences between family and nonfamily firms. Second, the objectives and hypotheses of the study are presented. Third, the methodology and results are fully explained. Finally, the conclusions, limitations, practical implications, and some suggestions for further research are provided.

2. Literature review

2.1. Family business and its ownership and management structure

Chrisman et al. (2005) introduce two approaches to defining family businesses. The components-of-involvement approach is based implicitly on the belief that family involvement is sufficient to make a firm a family business. Some studies use this approach in defining family businesses (Azizi et al., 2017). A family can be involved in a business through ownership, management, and the participation of members of different generations of the family. These components should enable the family to influence the adoption of goals that meet the family's needs, which, in turn, should impact the firms' management practices and structures. This RBV perspective implies that the confluence of the two systems leads to hard-to-duplicate capabilities or "familiness" (Habbershon & Williams, 1999) that make family business peculiarly suited to survive and grow. The essence approach, on the other hand, is based on the belief that family involvement is only a necessary condition and is not capable of explaining the specific organizational behavior of family businesses on its own (Chrisman et al., 2005).Chua et al. argue that the theoretical definition must be based more on the essence of family influence than the components of family involvement because the important distinguishing feature of family and nonfamily firms is their behaviors (Chrisman et al., 2010). Based on the concept of family

involvement and family essence, different authors tried to establish metric scales to capture the degree of family influence (Hauswald, 2013). Astrachan et al. (2002) developed the Family Power Experience Culture Scale (F-PEC) to measure family involvement. They suggest that the F-PEC has the advantage of being a continuous scale of family involvement and therefore avoids the problem of artificially dichotomizing family and nonfamily firms. The three elements of the F-PEC scale include power (family ownership, governance, and management), experience (the generation and the number of family members involved in the firm), and culture (family commitment to the firm and the overlap of family and business values) (Chrisman et al., 2010).

An organizational structure defines how activities such as task allocation, coordination, and supervision are directed toward the achievement of organizational aims (Pugh & Pugh, 1984). Gimeno et al. (2010) define structure as the internal capacity for self-organization of a social system. Within structure they include the notion of contexts (behaviors make sense according to the place and the situation in which they occur), they incorporate rules (explicit or implicit definitions of what can, cannot, and should not be done in each place and situation), they create positions (hierarchies in the relationship between members of the social system), and they define roles (what functions are performed by individuals occupying certain positions) and also information flows and exchanges. According to their definition, they state that the structure of a family business comprises five main categories, including institutionalization (to what extent decisions are formed by different contexts or bodies), family/business differentiation (to what extent those who work in the firm are treated as professionals, and the shareholders as owners), management practices (how the company is run), communication (how personal relationships are managed), and succession (to what extent those who work in the firm are treated as professionals, and the shareholders as owner). Kepner (1991) introduces three factors that are likely to be influenced by the family's relationship to the business; management of conflict, individuation, and perception of reality.

2.2. Ownership and management structure affects performance of family business

Some researchers show that family members in ownership and management of the family business are considered good stewards and a source of stewardship that is positively associated with the performance of the business (Alves & Gama, 2020; Le Breton-Miller et al., 2011; Corbetta & Salvato, 2004; Davis et al., 2010; Eddleston & Kellermanns, 2007; Mucci et al., 2020; Zahra et al., 2008). Organizations with good stewards and a stewardship orientation, however, do not have the costs associated with an agency, and, as a result, can direct resources that would have been spent on monitoring and control, toward maximizing firm performance. Miller and Le Breton-Miller (2006) argued that family businesses will outperform nonfamily businesses because they do not have to invest in free-rider agency costs, and, as a result, have higher financial performance because of the superior attitudes of stewardship. Stewardship has also been shown to contribute to strategic flexibility further enhancing organizational level performance. Clearly, stewardship theory constitutes a good fit for family businesses, and its use in the family business context can lead to positive performance outcomes. (Davis et al., 2010). Eddleston and Kellermanns (2007) found that stewardship relationships in family business result in higher performance because they keep family members focused upon the well-being and success of the family business. They further found that when stewardship relationships are not present, conflicts emerge that significantly harm a family firm's performance. Miller et al (2008) focus on family stewardship motivations as multifaceted implications for organizational conduct and performance. Corporate missions, values, and practices as well as systems of shared meanings are typically shaped in the family setting and transferred to the business in which family members play powerful governance and executive roles. They introduce three aspects of family stewardship of the business: especially profound investment in the future of the business, ample funding of that investment, and a willingness to sacrifice short-term gains for long-run growth that resulted in better performance for family businesses.

Moreover, some scholars explain how ownership and management of a family firm could influence its performance. Tagiuri and Davis (1996) suggest some attributes for family business including simultaneous roles, shared identity, lifelong common history, emotional involvement, private language, mutual awareness, and privacy, the meaning of family company that can have positive consequences for the family business. Family members working in the family firm can have three simultaneous roles: as relatives, as owners, and as managers. As family members they are concerned primarily with the welfare and the unity of the family; as owners, they are interested in return on investment and in the viability of the firm; as managers, they work toward the firm's operational effectiveness. Relatives' simultaneous obligations to the family, business, and shareholders, and to each other as relatives, managers, and owners, can serve to bond them loyally to each other and to the business. Also, the efficiency, effectiveness, and privacy of the decision-making process are increased. Because of the immediate availability of ownership, business, and family information, decision-makers can quickly and discretely act in the best interest of both the business and the family. When the goals of the family, management, and ownership groups are compatible, family managers can act decisively, making the firm a formidable competitor (Tagiuri & Davis, 1996).

Moreover, Anderson and Reeb (2003) discuss the relationship between family business ownership and management with performance. They argue that with substantial ownership of cash flow rights, founding families have the incentives and power to take actions that benefit themselves at the expense of firm performance. They also show the potential benefits of family ownership and management that family influence can also provide competitive advantages. Because the family's wealth is so closely linked to business welfare, families may have strong incentives to monitor managers and minimize the free-rider problem inherent with small, atomistic shareholders. On the other hand, families also often maintain a long-term presence in their business. As such, families potentially have longer horizons than other shareholders, suggesting a willingness to invest in long-term projects relative to shorter managerial horizons. Families view their business as an asset to pass on to their descendants rather than wealth to consume during their lifetimes; Business survival is thus an important concern for families, suggesting they are potentially long-term value maximization advocates. The long-term nature of founding-family ownership and management suggests that external bodies, such as suppliers or providers of capital, are more likely to deal with the same governing bodies and practices for longer periods in the family business than in nonfamily business. Thus, the family's reputation is more likely to create longer-lasting economic consequences for the business relative to nonfamily business where managers and directors turn over on a relatively continuous basis. They conclude in this section that large, concentrated investors have substantial economic incentives to maximize business performance and the influence and power to cause it to happen. If founding families provide competitive advantages to the business, we can expect to observe better business performance in family business versus nonfamily business. They also use the relationship of ownership and management of the family business as active versus passive family control. They state that a common characteristic of the family business is that family members often serve as the business's CEO or fill other top management positions. Family members potentially place their own members in the CEO position. A family CEO can bring special skills and attributes to the business that outside managers do not possess (Anderson & Reeb, 2003). Stanley (2010) also discusses that over time family firms are often more successful than nonfamily firms. She shows that "the founder effect" suggests that the family founder's influence on the business often translates into a competitive advantage perhaps due to the founder's long-term orientation and emphasis on growing and preserving the firm for future generations. Early positive emotional experiences of the family founders may be one causal mechanism by which family business achieves higher levels of performance. She states that a stock of positive experiences may serve as a competitive advantage for the family business and increase survival, sustainability, and, ultimately, performance.

In addition, Astrachan et al. (2002) contribute to the literature by providing an instrument for assessing the involvement and influence of a family in a firm that can be used to investigate how

different levels and types of involvement and influence affect firm behavior and performance (Chrisman et al., 2010). Demsetz and Lehn (1985) argue that the concentrated equity position and control of management, along with the founding family's historical presence, offer an advantageous position for the family to monitor its business. These large, concentrated investors have more incentives than diverse shareholders to avoid the conflicts between owners and managers and to maximize firm performance (Lee, 2006). Sirmon and Hitt (2003) focus on five of salient and unique characteristics that can differentiate family firms from nonfamily firms. They are human capital, social capital, survivability capital, patient capital, and governance structure. They then state that in general, the most important resource to a family firm is its human capital. Relying on human capital (e.g., knowledge) provides opportunities for these businesses because intangible resources are the most likely to lead to a competitive advantage; intangible resources are socially complex and difficult to imitate. Alternatively, the family business's human capital is also constrained because of the inaccessibility of substantial human capital outside the family. This characteristic heightens the need for effective management of family business's resources, in order to be competitive and have better performance.

To put these together, theories and different works demonstrate that the structure of ownership and management in family firms could promote its performance. This promotion is obtained from different forms of ownership and management that prevailed in family businesses. Disparate styles of ownership and management performed by family managers produce different paths and outcomes to the performance of the family business. In this work, we elaborate on the effect of the special form of ownership and management of family businesses on their performance.

3. Methods

3.1. Sample

Statistical population is family businesses of the food industry in Tehran Province. Data were collected using a questionnaire survey. The questionnaires were then distributed among a pilot group of 32 CEOs to determine the constructs' clarity and validity. Litz (1995) suggests that a business may be considered a family business to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve and/or maintain intra-organizational family-based relatedness; in accordance with Litz (1995), the family business was defined as those in which ownership and management lie within the family. If 50% or more of ownership belongs to a family and also family members have been involved in the management or even employed by the business, we considered that business as a family business. Applying stratified random sampling, data were gathered from 163 CEOs of family businesses of the food industry in Tehran Province that is recognized as the main industrial zone in Iran.

3.2. Measures

Two latent constructs of the study are ownership and management structure and performance of the family business. The constructs were adapted from previously validated scales. All items were measured on a 5-point Likert-scale. Cronbach's alpha of each dimension was also measured. According to Gimeno et al. (2010), the ownership and management structure of a family business embraces five dimensions. Institutionalization with 14 items, family-business differentiation with 6 items, management practices with 4 items, communication with 4 items, and succession with 4 items were measured. Cronbach's alphas of institutionalization, family-business differentiation, management practices, communication, and succession are 0.70, 0.57, 0.93, 0.86, and 0.85, respectively. Performance of family business was an adapted scale from Kaplan and Norton (1996) and Murphy et al. (1996) with three dimensions incliging market share, costumer, and financial. Market share with two items, costumer with two items, and financial with three items was measured. Cronbach's alphas of market share, costumer, and financial are 0.84, 0.86, and 0.85, respectively.

3.3. Methodology

We establish convergent and discriminant validity, as well as reliability for our constructs. Few measures including Composite Reliability (CR), Average Variance Extracted (AVE), and

Maximum Shared Variance (MSV) are used for the study. The thresholds are for reliability (CR > 0.7), convergent validity (AVE > 0.5), discriminant validity (MSV < AVE; square root of AVE greater than inter-construct correlations) (Hair et al., 2010). Convergent validity issues state that the variables do not correlate well with each other within their parent factor; i.e., the latent factor is not well explained by its observed variables. Discriminant validity issues also demonstrate that the variables correlate more highly with variables outside their parent factor than with the variables within their parent factor; i.e., the latent factor is better explained by some other variables (from a different factor), than by its own observed variables. As Malhotra (2007) state AVE is a strict measure of convergent validity; "AVE is a more conservative measure than CR. On the basis of CR alone, the researcher may conclude that the convergent validity of the construct is adequate, even though more than 50% of the variance is due to error."

The hypothesized mode Figure 1 was analyzed using structural equation modeling. It consists of a measurement model (essentially the CFA) and a structural model. SEM with maximum likelihood estimation was used to test the fit between the data and the hypothesized model using AMOS software (Arbuckle, 2012). The maximum likelihood estimation method approximates model parameters that are most likely to result in the observed data. SEM provides estimates of model fit by comparing the covariance structure of the observed data to that of the theorized model. A perfect fit means that there is no discrepancy between the model and the observed data (Hoyle, 2012). Following fit statistics were used to assess the fit between the data and the hypothesized model: Chi-square ($\chi 2$), Chi square ratio ($\chi 2/df$), the goodness of fit index (GFI), adjusted goodness of fit index (AGFI), Tucker-Lewis coefficient (TLI), relative fit index (RFI), normed fit index (NFI), incremental fit index (IFI), comparative fit index (CFI), and Root Mean Square Error of Approximation (RMSEA). The $\chi 2$ test is a goodness of fit test used to test the null hypothesis that there is no difference between the hypothesized model covariance matrix residuals and the actual covariance matrix residuals. If $\chi 2$ is significant ($\rho < .05$) we accept the alternative hypothesis that there is a significant difference between the model and the data. Wheaton et al. (1977) suggest Chi-square ratio ($\chi 2/df$) of approximately five or less 'as beginning to be reasonable. Different researchers have recommended using ratios as low as 2 or as high as 5 to indicate a reasonable fit (Marsh & Hocevar, 1985). It seems clear that a ($\chi 2/df$) ratio > 2.00 represents an inadequate fit (Byrne, 1989). GFI, AGFI, RFI, NFI, IFI, CFI, and TLI are less than or equal to 1; values range from zero, representing the worst possible model fit, to 1, representing the best possible fit (Bentler, 1990; Bentler & Bonett, 1980; Bollen, 1986, 1989; Jöreskog & Sörbom, 1984). RMSEA is a measure of discrepancy between the data and the model relative to the degrees of freedom in the model; a value of about 0.08 or less for the RMSEA would indicate a reasonable error of approximation (Brown & Cudeck, 1993). By examining all of these standard fit indices, we obtain a better overall picture of the degree to which the model fits the data to evaluate the strength of the theorized model.

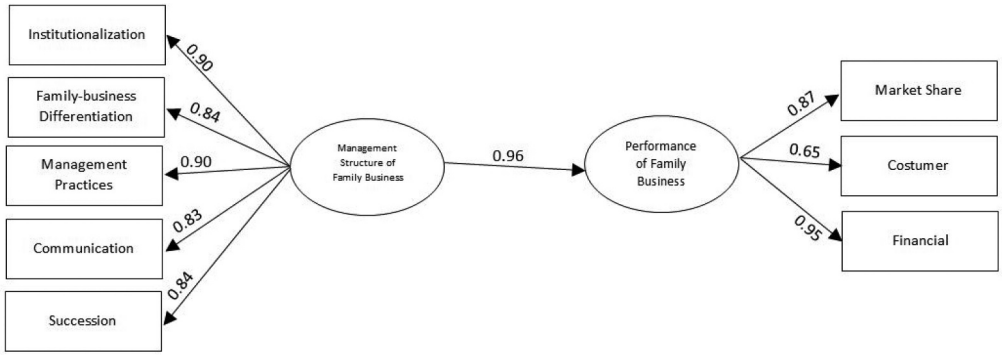

Figure 1. Hypothesized Model and its Fits: ($\chi 2(8) = 26.57$; $\chi 2$ ratio = 3.321; CFI = .99; TLI = .96; IFI = .98; GFI = .95; AGFI = .92; RFI = .96; NFI = .95; RMSEA = 0.08).

We also consider some control variables as confounding variables that we need to account for including gender and education. The selection of these variables as control is based on the theory. Since it is possible the control variables affect the substantive variables, we control for them. This model is basically saying that regardless of our control variables (gender and education), the model of the study would be significant. According to the logic of handling controls in Amos, we regress control variables on the endogenous variable (i.e. performance) and we also covaried the controls with each other and with the exogenous variable (i.e. ownership and management structure) as default. What we report about controls is that how the control affects a dependent variable differently based on an independent variable. The path of the model may be different based on controls.

4. Results

Among the respondents, 135 (84%) of them were men and 26 (16%) respondents were women; also 38 (24%) of respondents were between 20 and 30 years old, 79 (50%) between 30 and 40, and 41 (26%) of respondents were 40 years old and upper than that. Mean and standard deviation of each dimension for ownership and management structure and performance of family business were calculated. Mean and standard deviation of ownership and management structure for institutionalization, family-business differentiation, management practices, communication, and succession were 52.03(7.27), 21.87(2.69), 13.87(2.79), 14.57(1.95), and 14.28(2.79) of performance for market share, costumer, and financial were 9.33(1.85), 6.09(.98), and 7.05(.86), respectively (Table 1).

The table 2 shows reliability, convergent, and discriminant validity and correlations between the eight variables of the study. Results show that measures are acceptable. CR (reliability) of institutionalization, family-business differentiation, management practices, communication, succession, market share, costumer, and financial are greater than .7 and that implies the variables are reliable. Convergent validity (AVE) also shows that all variables have convergent validity (greater than .5). Discriminant validity (MSV) of variables is also adequate (MSV's are lower than AVE; and square root of AVE's are also greater than inter-construct correlations).[1]

4.1. SEM results

The hypothesized model was supported by the model fit statistics in accordance with criterion mentioned in methodology section, indicating that the data fit the hypothesized model ($\chi 2$

Table 1. Study constructs, scale items, mean, SD, Cronbach's Alpha, and references

Constructs	Dimensions	Items	Cronbach's Alpha	Mean	Standard Deviation	Reference
Ownership and						management structure
	Institutionalization	14	0.70	52.03	**7.27**	Gimeno et al. (2010)
	Family-Business Differentiation	6	0.57	21.87	2.69	
	Management Practices	4	0.93	13.87	2.79	
	Communication	4	0.86	14.57	1.95	
Succession	4	0.85	14.28	2.79		
Performance	Market Share	2	0.84	9.33	1.85	Kaplan & Norton (1996) and Murphy et al. (1996)
	Costumer	2	0.86	6.09	.98	
	Financial	3	0.85	7.05	.86	

Table 2. Reliability, convergent and discriminant validity, and correlation matrix

	CR	AVE	MSV	Institutionalization	Family-Business Differentiation	Management Practices	Communication	Succession	Market Share	Costumer	Financial
Institutionalization	0.723	0.723	0.397	**0.850**							
Family-Business Differentiation	0.810	0.810	0.607	0.524	**0.900**						
Management Practices	0.706	0.706	0.602	0.531	0.713	**0.840**					
Communication	0.810	0.810	0.632	0.517	0.713	0.776	**0.900**				
Succession	0.757	0.757	0.608	0.492	0.748	0.757	0.676	**0.870**			
Market Share	0.706	0.706	0.632	0.448	0.779	0.599	0.795	0.685	**0.840**		
Costumer	0.757	0.757	0.588	0.626	0.741	0.652	0.767	0.718	0.672	**0.870**	
Financial	0.903	0.903	0.608	0.630	0.735	0.682	0.752	0.780	0.722	0.723	**0.950**

(8) = 26.57; χ2 ratio = 3.321; CFI = .99; TLI = .96; IFI = .98; GFI = .95; AGFI = .92; RFI = .96; NFI = .95; RMSEA = 0.08). The hypothesized path (ownership and management structure to performance of family business) was significant (estimate = 0.96, p-value = 0.000). Standard estimates and p-values of factor loading for ownership and management structure of family business construct including institutionalization, family-business differentiation, management practices, communication, and succession were 0.90(0.000), 0.84(0.000), 0.90(0.000), 0.83 (0.000), and 0.84(0.000) and also for performance of family business construct including market share, costumer, and financial were 0.87(0.000), 0.65(0.000), and 0.95(0.000), respectively.

We also calculate the effect of our control variables (gender and education) on the model (Figure 2). Values of regression weights that are not significant imply that education and gender are not significant for performance (performance gender, estimate: .343, p-value: .346; performance education, estimate: .039, p-value: .17). Results from this model demonstrate that education and gender does not confound the relationships that we specified in the model.

5. Discussion and conclusion

Family businesses are the most common form of business organization in the world. Their unique characteristics include distinctive ownership and management structure, which may result in greater efficiency and higher performance than businesses owned by diverse shareholders. The relative merit of the family influence on business performance is an important empirical field. This article mainly concentrated on the unique characteristics of ownership and management within family businesses. On the other hand, most existing studies on performance, however, focus on financial performance and do not address other aspects of the performance of family businesses. A key distinction of this article is its focus on the more direct measures of firm performance, namely, financial, costumer, and market share.

Structural equation modeling using 163 CEOs of family businesses in the food industry in Tehran Province led to the conclusion that families indeed generate a positive influence on their business. The result also supports preceding works (e.g. Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2006; Eddleston & Kellermanns, 2007; Stanley, 2010; Astrachan et al., 2002; Sirmon & Hitt, 2003;; Demsetz & Lehn, 1985).

Viewing the results and the relationship between the institutionalization and the performance of family businesses, there is a strong correlation between these two variables. This dimension points to the extent to which formal laws and regulations are determined by systematic communication. Therefore, the high level of institutionalization means that in the family business, there are a decision body (family association), a body for the exercise of governance (board of directors), a management body (a management committee), and a set of official duties (family structure).

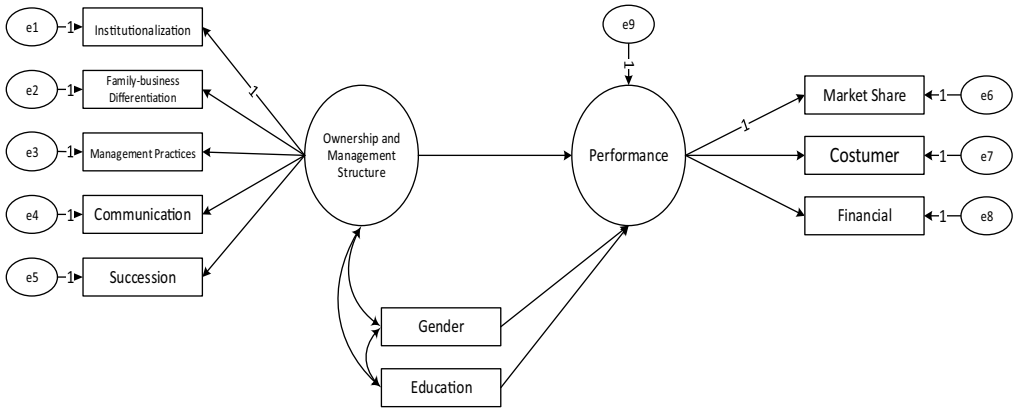

Figure 2. Structural model with controls (gender and education).

The result demonstrates the importance of this dimension in the performance of family businesses (Gimeno et al., 2010). For strengthening the performance of family businesses, the institutionalization of management and structure is required, and they should create required laws and regulations in order to cooperate and unify business practices.

Furthermore, according to the results of the structural section of the model, the relationship between family and business differentiation, and ownership indicates a strong correlation between these variables. The distinction between family and business refers to the extent to which family members depending on the role they play at a particular moment are able to distinguish between rights, duties, and behaviors. In other words, the question that arises here is: In particular, are they able to distinguish their rights and duties? When they find themselves in a different position, how should they act? The distinction between business and family involves the creation and development of three areas of management. These three areas are job differentiation, ownership identification, and family responsibility (Gimeno et al., 2010)

Ownership and family involvement also promote entrepreneurship. This encourages managers to invest in the skills and talents of their family members in promoting entrepreneurship and taking a risk in a new market (Zahra, 2003). A family business is the source of investment in the early stages of businesses that creates jobs, economic development, and technological progresses. The ownership structure in family businesses has created an effective balance between the goals of the company and the ownership. In addition, the ownership structure of family firms is a frequent incentive for diligent investors in the radical development of new businesses and technologies (Astrachan, Zahra, and Sharma).

A distinction between family and non-family firms is done based on ownership, management, and family sustainability (between generations) (Chua et al, 2003). For a business like a family firm to survive in global strong competition, there is necessary to have synergy between business and family. A business should be conducted in a way that values the family, and the family should have a value added to the business (Klein, Astrachan, & Smyrnios, 2005).

Family governing and controlling mean the extent to which family members interfere in business, and the extent to which family goals and aspirations affect the goals of the family business. According to a theory of family firms, family involvement, and business engagement will make the entire family (owners) better understand the opportunities and threats and share the risk by making the right decision (Zahra, 2003).

Also, Moghimi and Seyyed Amiri (2010) showed that there is not a significant relationship between the governance and control of the family, and the growth and development of family businesses in two industries of textile and oil, and the governing of family goals for business purposes do not lead to business growth.

Understanding the concept of professionalizing management practices is difficult. In the case of family businesses, the term professionalization is often understood through the process of integrating senior managers who are not family members (senior executives) into the family business. This type of professionalism is distinct from the concept of professionalism that exists in management models. As noted in the distinction between business and family, the roles and responsibilities of individuals in each of the above systems should be considered separately. Based on this logic, belonging to the family will not lead to a person's professional progress.

The tools that managers use in business affairs and the ways of using these tools and the decisions that are made in different situations reflect their level of professionalism (Gimeno et al., 2010). A family business that seeks to increase its professionalism needs to take action in two directions: 1. Creating and developing counseling strategies; 2. Creating decentralized structures.

The results of this research show that this dimension has been fully considered among the family businesses of the food industry of Tehran Province.

In recent years, Iranian company managers have been attempting to learn the skills necessary to better managing their company. Today, Iranian company executives have realized that they need to be able to take charge of their company with a tendency toward growth. Family firms are no exception to this, especially since most family business executives are owners of their businesses and companies, and they are putting a lot of effort into growing their companies .In addition, according to the findings of this research, there is a strong relationship between the structure of communication and the performance of family businesses. A successful and skilled entrepreneur who knows that his success is attributable to the experience and skill that he has accumulated over the years should note that he cannot share this knowledge easily with other people. Hence, he will feel the whole business on his shoulders because there is virtually no substitute for him. Creating and improving managerial activities requires an explicit transfer of knowledge. This will bring knowledge sharing across the organization and the newcomers will easily take advantage of this knowledge. This means that formal processes will create databases in the scope of company activities and the development of systems and control tools (Gimeno et al., 2010).

Michelle and others combine transaction cost and cognitive theories to provide a cognitive theory of transaction to study the thinking patterns of nonfamily employees in a family business. The presence of the family increases the complexity of a business ascendingly. In addition, as the knowledge extent required for transactions increases the complexity, the number of cognitions in a family firm increases the potential for improvement in all parts of the knowledge resources that cannot exist in non-family firms. If we tend to properly understand how the family's presence creates unique resources and capabilities, then there should be a model that promises to fill an important gap in family business research (Gibb Dyer, 2006).

Finally, the results indicate a strong relationship between the substitution program and the ownership and structure of family businesses. A framework has been suggested for categorizing how family business successors differ in terms of the continuity of the strategy, organization, and the manner of management in diverse business environments (Zahra, 2003). Although the multidimensional successors to family firms have already been discussed by researchers, there is no systematic relationship as to how heterogeneity between these dimensions can lead to business success. It seems that the dynamics, culture, management, and leadership of the family can lead to the inadequate composition of successive dimensions (Zahra, 2003). By combining dynamics analysis and family culture, the succession method in family-owned companies differs from nonfamily businesses. Regardless of the fact that the study only looks at unsuccessful efforts, it provides a good way to move towards the development of a predictive model of family successors.

6. Research limitations

Considering the lack of a standard questionnaire in this field, the researcher used the research literature to index the variables that could affect the results of the research. Despite the fact that the results of convergent validity and factor analysis showed the validity of the variables, these indicators should be used in subsequent studies to ensure the accuracy of their measurement capability. The research was carried out among the small and medium enterprises of the food industry of Tehran Province and the generalization of its results is dedicated exclusively to this sector of the industry.

7. Policy implications

In line with the results, the following suggestions are made on the management structure of family businesses: 1) Making strategic business decisions based on codified laws; 2) The existence of formal and transparent rules; 3) There should be management body (management committee) and a set of formal duties (family structure) for the board to apply; 4) Selecting and recruiting members of the governors based on laws; 5) The existence of legal criteria for determining who should be responsible

for business; 6) Determining the amount of legal entitlement that individuals must receive based on the rules and regulations of the business; 7) Supervising senior management in the business effectively; 8) Sharing information by members; 9) Analysis and evaluation of information, topics, and issues, by members jointly; 10) Adopting senior management decisions in collaboration with the executive committee; 11) Differentiating the amount of promotion and reward received by a person due to his/her job position (the who is more effective for the business receives more promotion); 12) The right to decide on management issues that could affect ownership of the property; 13) Recognized roles and, as a result, owners' rights; 14) Self-control of business founders in non-interference with management tasks; 15) Ability to evaluate business members (regardless of whether or not they are members of the family); 16) Adding experts from outside the family to business development to combine management; 17) Transferring information and knowledge of setting up and running a business by the business manager to other members; 18) Creating databases on the scope of company activities and the development of control systems and tools (such as reporting systems) due to formal business processes; 19) Managing the difference in personal situations by management, given the role that they are assigned to; 20) Existence of behavioral laws between family and business in the system of family business; 21) Clarifying taxes and related laws and testament in the process of succession; 22) Clarifying asset-related agreements and business-to-business debates in the succession process.

8. Suggestions for future research

Given the research constraints, it is suggested: 1. Using the current research questionnaire in future studies; 2. Doing research in other industries other than the food industry; 3. Investigating the relationship between independent research variables; and 4. Implementing a research model in a family business.

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Author details
Mohammad Azizi[1]
E-mail: m_azizi@ut.ac.ir
ORCID ID: http://orcid.org/0000-0003-4399-6605
Masoud Salmani Bidgoli[2]
E-mail: masoodsa13@yahoo.com
Arash Taheri[3]
E-mail: arash68t@gmail.com
[1] Entrepreneurship Faculty, University of Tehran, Tehran, Iran.
[2] Master of Sociology, Letters and Human Sciences, Shahid Beheshti University, Tehran, Iran.
[3] Master of Entrepreneurship, University of Tehran, Tehran, Iran..

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Note
1. Bold ones on diagonal of table

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