

COMPLIANCE MANAGEMENT IN FAMILY FIRMS: A SYSTEMATIC LITERATURE ANALYSIS

Stefan Behringer^{*}, Patrick Ulrich^{**}, Anjuli Unruh^{*}

^{*} Lucerne School of Business, Institute of Financial Services Zug IFZ, Switzerland

^{**} Corresponding author, Aalen University, Germany

Contact details: Aalen University, Beethovenstr. 1, D-73430 Aalen, Germany



Abstract

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Family firms play an important economic role in Europe and in the world. The discussion of compliance-relevant issues has long been attributed to capital market-oriented large companies. So far, there have been few findings on the perception, dissemination and implementation of this concept in family businesses. The purpose of this paper is to provide a systematic and iterative literature review of available research on compliance management and corruption in family firms. Thereby a total of 47 articles on the topic were identified. The review acknowledged that Compliance/Corruption is a research topic but not often in the context of family firms. The literature of family enterprises dealt with the influence of family ownership on firms' non-compliance with corporate governance codes out of the socio-emotional wealth perspective or examined the relationship between family control and young entrepreneurial firms' bribing behaviour around the globe. Another perspective offers the literature about the agency and stewardship theories and their influence on family firms. Agency and stewardship governance affects individual-level behaviour and firm-level performance in a distinct and combined way. In the business ethics literature a few interesting papers were found, that consider unethical work behaviour or corrupt acts in the context of organizations and family firms. In addition, the analysis of the publications demonstrates the importance of compliance management in all types of companies/SMEs and shows that companies which have integrated compliance management gain a competitive advantage over their competitors. We come to the conclusion that additional empirical research on compliance and corruption in family firms is needed.

Keywords: Family Firms, Corruption, Compliance, Compliance-Management, Literature Review

Authors' individual contribution: Conceptualization - S.B. and P.U.; Methodology - P.U. and A.U.; Investigation - A.U.; Writing (Original) - A.U. and P.U.; Writing (Review and Editing) - S.B. and A.U.; Visualization - A.U.; Supervision - S.B. and P.U.

1. INTRODUCTION

Since the collapse of Enron and WorldCom in the early new millennium and scandals such as Dieselgate (Crête, 2016) or the Siemens corruption scandal (Blanc, Cho, Sopt, & Branco, 2019), trust in economic institutions was reduced (Nooteboom,

2007). Reports on white-collar crime were published almost daily in newspapers.¹ The topic of white-collar crime has moved into the consciousness of society worldwide and is gaining in importance due to the increasing number of white-collar crimes. According to the report to the Nations 2018 - Global

¹ See The New York Times, White-Collar Watch. Link: <https://www.nytimes.com/column/white-collar-watch>, [08.07.2019].

study on occupational fraud and abuse (ACFE – Association of Certified Fraud Examiners, 2018), there were 2,690 real cases of occupational fraud in 125 countries in 23 industry categories. The median loss per case was \$130,000. An interesting fact is that small businesses lost almost twice as much per issue to fraud. The median loss of SMEs with less than 100 employees was \$200,000 in contrast to businesses with more than 100 employees (\$104,000). Similar results can be seen in the Federal Report on Economic Crime 2017 from Germany (Bundeskriminalamt, 2018): the number of white-collar crimes has increased significantly compared to previous years. 74,070 cases were registered in 2017; this is equivalent to an increase of 28.7 percent compared to the previous year (57,546 cases). This means that the number of cases in 2017 was significantly higher than the average for the last five years (65,484 cases).

The analyses from Syracuse University's Transactional Records Clearinghouse (TRAC) reports show that the volume of federal white-collar fraud prosecutions is at its lowest level in twenty years in the USA. In fiscal years, 2010 and 2011 prosecutions hovered around 10,000 per year because of the prosecutions resulting from the 2008 financial crisis. This number fell to just under 6,000 in fiscal year 2017, their lowest level in two decades. A November 2018 report from TRAC revealed that the number of federal white-collar crime prosecutions continued to decline down 3.7 percent from the year before and over 30 percent from five years ago throughout fiscal year 2018. The decrease is particularly significant when compared to the 34.8 percent increase in overall prosecutions for fiscal year 2018 (Anello & Albert, 2019).

Further, corrupt behaviour seems to be strongly associated not only with individuals within organizations but also with organizations themselves, which are increasingly being construed as corrupt entities (Ashforth, Gioia, Robinson, & Treviño, 2008). Corruption is both a state and a process. On the individual level, corrupt behaviour is defined as the illicit use of one's position or power for perceived personal or collective gain. However, this corrupt behaviour can infect a group, organization or industry (Ashforth et al., 2008). If corrupt individual acts are left unchecked, they can spread to other individuals and groups and become embedded in the very culture of an organization and industry (Ashforth et al., 2008; Pinto, Leana, & Pil, 2008).

Strict rules, such as the Sarbanes-Oxley Act or the US Federal Sentencing Guidelines, bring requirements that are more stringent for companies for the introduction of compliance programs², codes of conduct³, internal controls⁴ and whistleblowing systems⁵. As external pressures increase, compliance is becoming increasingly important for businesses. Compliance Management creates transparency, helps to avoid financial damage and board liability at the same time, supports the avoidance of reputational damage, shapes management behaviour, promotes

trust in employees, offers flexibility and creates recognizable controls that can provide security (Paine, 1994).

The entrepreneurial behaviour of family businesses differs significantly here from that of public companies that are more anonymous. Good governance measures of the professional optimization of management and control structures are therefore an issue for family-owned companies. Family businesses that neglect or in the worst case ignore the relevance of good governance weaken the family business this existence and thus take considerable risks (Bartholomeusz & Tanewski, 2006; Kellermanns, Eddleston, Barnett, & Pearson, 2008). As part of good governance, compliance is therefore indispensable (also) for family businesses.

With the increasing importance of compliance management and the fact that compliance in family businesses is a theoretical and practically hardly investigated topic, the research question of the paper is as follows: "What is the state of the literature concerning compliance management in family firms?"

This paper is organized as follows: Section 2 describes the explanation of terms and the methods for the literature review. The results are presented in Section 3. The findings are discussed in Section 4. The literature review ends with Section 5: further research and the conclusion.

2. EXPLANATION OF TERMS AND METHODS

2.1. Family firms

The main problem for the quantification of family firms arises from the different definitions of family-owned companies in literature. There is still no consensus on the conceptualisation and standardised definition of the family business (Astrachan, Klein, & Smyrniotis, 2002; Astrachan & Shanker, 2003). There is, therefore, a two-handed approach to the labelling of family businesses.

Family businesses can be both large and small and medium-sized enterprises controlled by a family (Ayyagari, Beck, & Demircug-Kunt, 2007). Worth mentioning are the qualitative characteristics of family-owned companies, strong relationships with stakeholders such as suppliers, partners, etc. and a positive image with regard to employees (Aganin & Volpin, 2005; Carrigan & Buckley, 2008; Panwar, Paul, Nybakk, Hansen, & Thompson, 2014).

A company-owned and run by a nuclear family is clearly a family business. A family business is run with the intention of pursuing a desired future for the family and in accordance with its values and preferences. Decisions/actions are influenced by family dynamics and these decisions/actions will certainly differ from companies that have neither family ownership nor family management to influence them (Chua, Chrisman, & Sharma, 1999).

For Chua et al. (1999) the essence of a family business consists of a vision developed by a dominant coalition controlled by one or a few families. It is crucial that the vision continues to be designed and pursued in a way that is potentially sustainable for generations of the family.

² US Federal Sentencing Guidelines, §8B2.1. Effective Compliance and Ethics Program.

³ Sec. 302, 402, 406 SOX

⁴ Sec. 404 SOX

⁵ Sec. 1514A SOX, Sec. 806 SOX

To capture this and be inclusive of all other definitions in the literature, they propose the following definition:

“The family business is a business managed and/or managed with the intention of shaping and/or pursuing the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a way that is potentially sustainable over generations of the family or families” (Chua et al., 1999).

The main distinguishing feature for the criterion of the definition of family-owned enterprises is the amount of the family's ownership share (Berrone, Cruz, Gomez-Mejia, & Larrazza-Kintana, 2010; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). In addition, there are other distinguishing features for the definition of the family business, such as control by family members, e.g. if the CEO of the company is a family member, and a more long-term perspective that deals with the succession and continuity of the company (Vallejo Martos, 2007).

As already mentioned, family-owned businesses, place more value on non-financial aspects than non-family businesses. This is just one reason why family businesses tend to care more about their employees and therefore prefer soft factors such as employer satisfaction, loyalty and trust (Covin, 1994; Carrigan & Buckley, 2008; Orth & Green, 2009; Krappe, Goutas, & von Schlippe, 2011; Binz, Hair, Pieper, & Baldauf, 2013). It is more valuable to establish a trusted identity that corresponds to the concept of the family and focuses more on social performance than the mere pursuit of financial performance and high-profit margins (Bjuggren & Sund, 2001; Chua, Chrisman, & Steier, 2003; Sharma, Chrisman, & Chua, 2003).

2.2. Compliance management

Compliance management represents a cornerstone of corporate monitoring in the overall structure of governance, risk and compliance (Sheedy & Griffin, 2018). The Sarbanes-Oxley Act of 2002 already emphasizes the importance of internal controls (Gupta & Thomson, 2006), which are carried out by bodies such as Internal Auditing and Enterprise Risk Management. This distribution of roles is also supported by the IAA's Three-Lines-of-Defence model (Luburic, Perovic, & Sekulovic, 2015).

While there is a very extensive stock of literature on corporate governance and risk management in the Anglo-American (e.g. Daily, Dalton, & Cannella, 2003; Spadafora, Kostova, Marano, & van Essen, 2018) and national areas (for Germany e.g. Fissenewert & Wendt, 2019), this is not the case for compliance management (as an exception (Kabbach de Castro, Aguilera, & Crespi-Cladera, 2017); however, here only governance code compliance is discussed). Among other things, this is due to the fact that the area of responsibility of compliance management in different countries is classified into different subject areas. In the USA, topics of the Compliance management are contained in the Sarbanes-Oxley Act as Regulatory Framework. In addition, the legal sciences have always regarded compliance management as their own domain, and

the topic has only been on the agenda in business management discussions for about 10 years (Laufer & Strudler, 2007).

Compliance here is understood to mean compliance with legal and other requirements, but also with ethical and general standards of conduct (Vetter, 2008). Compliance management is the internal function of the company that is intended to ensure compliance with the rules (Wieland, 2010). Non-compliance by company members leads to direct (e.g. contractual penalties) and indirect (e.g. damage to reputation) consequences.

The relationship between family-owned companies and corporate governance mechanisms has not yet been fully explored. The direct relationship between the influence of the family on the mechanisms of corporate governance is rarely investigated (Bartholomeusz & Tanewski, 2006; Klein, Shapiro, & Young, 2005; van Essen, Carney, Gedajlovic, & Heugens, 2015). In the surroundings of corporate governance and family-owned companies, most of the contributions deal with more specific corporate governance mechanisms such as remuneration issues (McGuire, Dow, & Argheyd, 2003; Mahoney & Thorne, 2005).

With regard to corporate governance in family-owned companies, control mechanisms could be abolished or completely ignored, since the family operates as a trusting entity that does not need control mechanisms (Kidwell & Kidwell, 2010). Nevertheless, the literature tells us that family-owned companies use specific management and control mechanisms that are carried out internally (Kabbach de Castro et al., 2017). However, family businesses are equipped with a number of internal and mostly informal control mechanisms. The general literature on corporate governance in family-owned enterprises already states that family enterprises operate less formalized monitoring and control mechanisms and in many places replace formal mechanisms with the informal and behavioural influence of the family. With regard to compliance management, there are no comprehensive theoretical or empirical findings to date.

2.3. Literature review

This paper adopts the guidelines set out by Tranfield, Denyer, and Smart (2003) for conducting a systematic literature review.

A short search found sporadically scientific literature that has already dealt with the topic compliance management/ corruption in family businesses. Compliance management in family enterprises represents thus a theoretically and practically hardly researched topic area. In order to get a general overview of the literature to the topic compliance management/corruption in family enterprises, a systematic literature analysis is requisitely, that seizes German and English-language literature.

Therefore, a list of keywords was necessary to find literature. In a brainstorming process, selected keywords were collected and sorted in different groups.

Table 1. Upper categories for clustering the articles

<i>Categories</i>	<i>Number of articles</i>	<i>JEL Classification System</i>
Without reference to economics	3092	/
Books & collected works	32	A3
Compliance, Fraud & Corruption	92	K4
Governance	343	G3/H1
Controlling, Control & Checkup	305	F38
Due Diligence	7	G34
Risk	265	D81/G32
Guidelines	6	M48
Regulate, Regulation	28	K2
Standard	40	E42/K2
Finance	10	G3/P34
Benefit	56	D61
Tax	21	H2
ISO	10	N4
IFRS	20	M48/K23
Other Keywords	64	/

These different upper categories are corresponded to the JEL classification like the second column shows. The "JEL" classification system is a standard method of classifying scholarly literature in the field of economics and is used in many AEA's (American Economic Association) research materials. The JEL categories and the categorization chosen here do not match 100%. For example, the category Compliance, Fraud and Corruption is the most important one. According to the JEL classification, the articles would be assigned to category K4 - Legal Proceedings, Legal System and Illegal Behaviour, since the description of this category contains the keyword Compliance. In contrast, the JEL category H2 - Taxation, Subsidies and Revenue is very similar to the tax category. Therefore, we chose our own categorization, since it is based on the keywords from the systematic literature search.

For example, an article has the Keyword "Compliance" in the title; it would be sorted in the category Compliance, Fraud & Corruption. After that, a scanning process of intensive reading the titles followed, which resulted in identifying 225 potentially relevant articles. The basis for the decision was reading the title and mentioned what this contribution is about. An example was the article of Clark "Corporate governance and SMEs: The forgotten stakeholders?". This title shows no relation to the topic and was not taken into account in the final sample. It was followed by searching out the abstracts, which were read. After reading the abstracts of these identified 225 articles, the sample was reduced to 58 potentially relevant articles.

In order to finalize the sample, the 58 articles were read in their entirety, re-evaluated, and were classified into three new categories, which were named as Relevant, Possibly, Not Relevant. The decisive factor was the contextual reference to the topic. In addition, the basis for inclusion in the finalized sample was the VHB 3 Jourqual ranking and the quality of the data in the empirical studies (validity and reliability). The VHB 3 Jourqual ranking is a ranking of journals relevant to business research based on evaluations by VHB's members. VHB is the German Academic Association for Business Research. More than 1,100 members of the VHB have rated 64,113 journals. Of the 934 journals evaluated, 651 exceeded the qualification of 25 evaluations and were given a rating. The rating ranges from A+ to D. A+ stands for an outstanding and worldwide leading scientific journal in the field of business studies and

D for a scientific journal.¹¹ This ranking is a good criterion for the quality of the research papers.

In the end, 35 articles remained, of which 17 were written in German and 18 in English. However, a strict selection of the articles according to the VHB 3 Jourqual ranking could not be made conclusively, because of too few articles were ranked in the final sample. Only 13 articles have a ranking, which is equivalent to 35%. This is the first indication that there is not enough literature to catch up in this field of research.

2.3.2. Iterative literature searching process

The systematic literature analysis was supplemented through an iterative searching process. For this purpose, the bibliographies of the already found papers from the systematic literature analysis were scanned for further possibly suitable articles. The abstracts of these possibly suitable articles were read directly to assess the relevance of the research topic. The VHB 3 Jourqual ranking helped in the decision for inclusion in the final sample. The aim of this iterative process was to increase the quality and quantity of the sample of papers.

In the search of the full articles, relevant papers were found as well. So the iterative searching process was structured as a snowball system. Parallel a second single keyword search was started in the aforementioned databases. The keyword basis was extended through Keywords like unethical work behaviour, unethical behaviour, misconduct, misbehaviour and organizational corruption. These keywords showed another perspective or other understanding of corruption in (family) firms.

The final sample includes the 18 English articles of the systematic literature search and these 29 articles out of the iterative search. In total 47 papers, which were published between 1996 and 2018. The German articles out of the systematic search were disregarded because 17 of the 18 German articles have no VHB 3 Jourqual ranking¹².

The 47 articles were published in 27 different journals. Twelve publications were found in the "Journal of Business Ethics" followed by four articles each in the Journals Academy of Management Review (AMR) and Family Business Review. These

¹¹ <https://vhbonline.org/vhb4you/jourqual/vhb-jourqual-3/>

¹² The rating ranges from A+ to D. A+ stands for an outstanding and worldwide leading scientific journal in the field of business studies and D for a scientific journal. See previous footnote.

journals have a top-ranking after the VHB-3-Jourqual-ranking. AMR is an A+-ranking journal and the Family Business Review has a B as a ranking as well as the Journal of Business Ethics. Each of the remaining 27 articles was published in different journals, mostly with ranking; only 11 articles have no ranking.

In this sample, the authors of these articles used different methods to verify and falsify their hypotheses. Therefore, 21 articles based on empirical studies. They generated different samples from countries all over the world.

Figure 2. Distribution of the VHB 3 Jourqual ranking

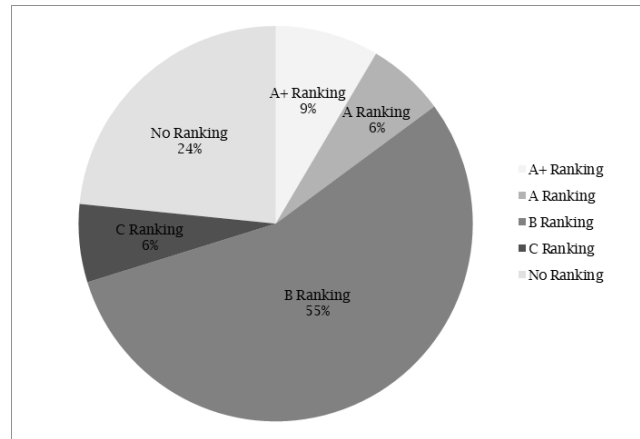


Figure 2 shows the percentage distribution of the VHB 3 Jourqual ranking in the sample. 76% of the 47 papers have a ranking. More than a half have a ranking better than a B. 15% of the articles have an outstanding research quality, because of the A/A+

ranking. The extension of the systematic literature through the iterative searching process was successful and increased the quality of the final sample.

Figure 3. Number of publications in percent per year

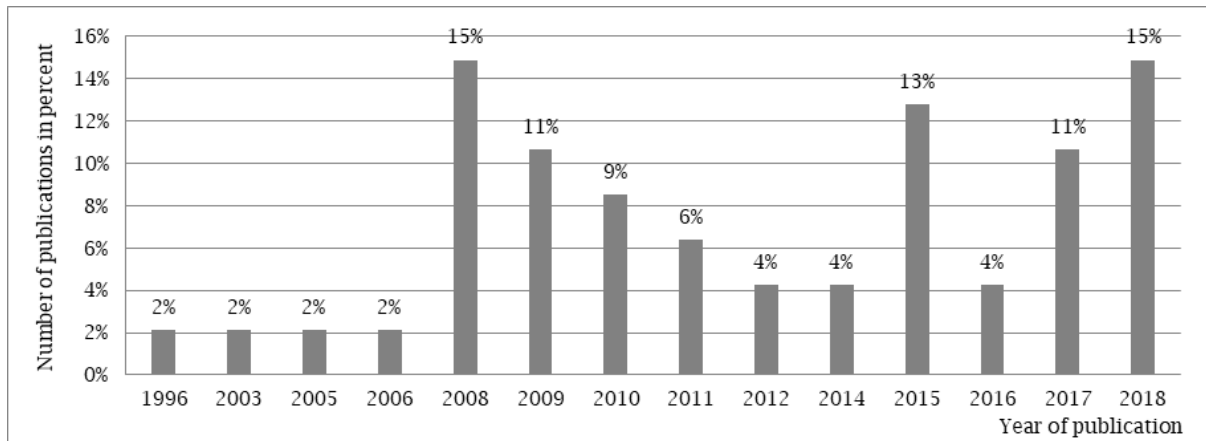


Figure 3 illustrates the quantitative importance of the literature published per year in the period 1996-2018. It is noticeable that most of the publications were published in 2008 and 2018. This suggests that these higher publication figures are related to the after-effects of the Siemens corruption scandal that was discovered in 2006. In 2008, many investigations against ex-managers took place and the first court cases were adjudicated in America and Germany. These lawsuits ended in heavy fines and suspended sentences. The clarification of the incidents at Siemens took years. This case prompted companies to ensure their own legitimacy and trustworthiness vis-à-vis important stakeholders. In this way, they can convey in good faith that the law is being observed.

The Kellogg Brown & Root LLC (KBR) case, that represents the second largest fine ever in a Foreign Corrupt Practices Act (FCPA) prosecution, demonstrates the FBI's continued commitment to aggressively investigate violations of this law. KBR, a global engineering, construction and services company based in Houston, pleaded guilty 2009 for its participation in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement and construction (EPC) contracts. KBR and its joint-venture partners violated the FCPA by authorizing, promising and paying bribes to a range of Nigerian government officials to obtain the EPC contracts. "The successful prosecution of KBR, and its agreement to pay a more than \$400 million fine, demonstrates that no one is above the law, and that

the Department is determined to seek penalties that are commensurate with, and will deter, this kind of serious criminal misconduct," said Acting Assistant Attorney General Rita M. Glavin of the Criminal Division (Department of Justice, 2009). Big Scandals like this raised public attention and were popular examples in the research literature to compliance management and corruption.

After a brief decline, the number of publications rose again in 2015. The increase is probably related to the revealed FIFA corruption crisis. In May, the American Justice Department indicted current and former 14 FIFA associates and officials, who the FBI believed to be involved in "rampant, systemic, and deep-rooted" corruption (O'Grandy, 2015). Seven months later another 16 officials were charged with involvement in bribery and corruption (BBC, 2015). On top of all that, FIFA president Sepp Blatter and Union of European Football Associations President Michel Platini were both given eight-year suspensions from soccer activities, because Blatter paid over \$2 million to Platini in 2011. The U.S. investigation was initially intended to figure out whether FIFA officials took bribes to allow Russia and Qatar to host upcoming World Cups. During the investigations, the inquiries expanded and revealing what prosecutors say are years of corrupt practices, including bribery and game-selling, from officials in Europe, North America, Latin America, and the Caribbean (O'Grandy, 2015).

One of the biggest corruption cases in history is the Odebrecht case in Latin America. Odebrecht is the region's largest construction conglomerate. It started out as a small family construction group in the 1940s founded by Brazilians of German origin. It grew quickly and at its peak, around 2010, the company had 181,000 employees across 21 countries (Gallas, 2019). This scandal began in 2014 as a money-laundering investigation and shifted to Petrobras, Brazil's state oil company, where political parties in power appointed top managers. Investigators uncovered evidence that a "cartel" of engineering corporations - including Odebrecht - was rigging bids and paying bribes to secure contracts at inflated prices. Also in 2014, prosecutors began to investigate the most influential member of that cartel, Odebrecht (Pressly, 2018). Nearly three years of investigations have resulted in 77 Brazilian Odebrecht executives signing plea deals, and the company's former chief executive, Marcelo Odebrecht, is in prison (Casey & Zarate, 2017). This deal of the Brazilian-based group signed in 2016, was described as the world's largest leniency deal with US and Swiss authorities, in which it confessed to corruption and paid \$2.6bn (£2.1bn) in fines (Gallas, 2019).

These past and current corruption scandals from all over the world show the need for further scientific publications in compliance research and have dominated specialist literature in recent years.

3. OVERVIEW OF FINDINGS

The literature on organizational corruption is informed by such disciplines as economics, criminology, sociology and management, using a

variety of theoretical perspectives. The most common and fundamental dimensions in the literature are 1) whether individual or the organization is the beneficiary of the corrupt activity and 2) whether the corrupt behaviour is undertaken by an individual actor or by two or more actors (Pinto et al., 2008). The final sample of articles is clustered in four categories, which are presented in the following chapters.

3.1. Organizational corruption/fraud

A big topic in this sample of research papers is corruption on the organizational level. Seventeen articles focus their research on different views of organizational corruptions and developed different frameworks, models and conceptualizations to declare how corruption became institutionalized in organizations.

The most discussions start with the attempt to define organizational corruption. The definitions varied depending on the motivation of the researcher.

Ashforth and Anand (2003) define "corrupt acts as the misuse of authority for personal, subunit and/or organizational gain". Some criticized this similar conceptualization because "misuse" was not specifically explained in this context (see Theobald, 1990 for the whole discussion). That's why (Aguilera & Vadera, 2008) define the construct of organizational corruption as "the crime that is committed by the use of authority within organizations for personal gain". Therefore, individuals who confirm the authority of their organizations use this authority to their own benefit, and then they have committed organizational corruption (Aguilera & Vadera, 2008).

Venard's (2009) understanding of corruption based on neo-institutional literature and focused on the influence of organizational isomorphism on corruption in emerging countries. This paper is motivated by the social and economic importance of corruption. The author argued the process of isomorphism concerned various types of behaviours, including corruption and that organizational isomorphism helped to understand organizational decision to adopt corrupt practices.

It is evident that different definitions and views about corruption existed. To discuss the causes, mechanisms and outcomes of corruption at the organizational level the researcher developed different models to explain and understand this phenomenon.

Ashforth and Anand (2003) developed a model in which they declared the pheromone of the normalization of corruption in the organization with three pillars: institutionalization, rationalization and socialization. They understand *institutionalization* as the process by which corrupt practices are enacted as a matter of routine, often without conscious thought about their propriety. *Rationalization* is defined as the process by which individuals who engage in corrupt acts use socially constructed accounts to legitimate the acts in their own eyes and *socialization* is the process by which newcomers are taught to perform and accept the corrupt practices.

In addition, Aguilera and Vadera (2008) picked up these three pillars/strategies in their Opportunity-Motivation-Justification model to understand the antecedents of corruptive behaviour and its outcomes. In particular, they propose that the three ideal-types of authority (legal-rational, charismatic, and traditional) interact simultaneously with different types of motivation (individualistic, relational, and collectivistic) and justifications (rationalization, socialization, and ritualism) to result in three distinct types of organizational corruption (procedural, schematic, and categorical).

To declare the spread and growth of corruption in organizations den Nieuwenboer and Kaptein (2008) formulated three downward organizational spirals. These spirals evoked on the three sides of the fraud triangle. They used Cressey's theory of trust violations (Cressey, 1950) and the social identity theory (see e.g. Ashforth & Mael, 1989) to constitute how such dynamic downward spirals may come into being inside three organizational factors. The spirals they mentioned were spiral of divergent norms, of pressures and of opportunity.

Other authors (Beenen & Pinto, 2009) provide a better understanding of corrupt acts by viewing how and under what circumstances individuals are more (less) likely to commit fraud and corruption. The fraud triangle (Cressey, 1950) is one important framework in this context to declare the emergence of fraud. Therefore, fraud arises when an individual is exposed to the three factors: opportunity, pressure and rationalization.

Beenen and Pinto (2009) want to identify and resist corrupt practices with the help of Ms. Watkins' insights. In the interview with Sherron Watkins, she explains fraud as a result of the three mentioned conditions. She illustrated it on the example of Enron: Enron was always under extreme pressure from Wall Street to achieve earnings goals. It ended in benefiting people personally to achieve these earnings goals. The second factor is opportunity. In the Enron case, the opportunity was twisting accounting rules, where they never should have been twisted. In addition, the last most important factor for Sherron Watkins was the rationalization that the people thought they were doing nothing wrong.

These three psychological pathways took up Murphy and Dacin (2011) and they developed with their framework a deeper understanding of committing fraud. Their Framework with the different pathways included Ashforth and Anand (2003) works to the normalization within an organization and further developed the fraud triangle. In addition, they showed possible ways not committed to fraud and prevented so fraud in organizations.

Beugré (2010) however developed a deontic model of organizational corruption. He wanted to answer the question: "What lead some employees to resist socialization into organizational corruption while others succumb to it?" He used the deonance theory (Folger, 1998, 2001) as a conceptual framework to explain resistance to socialization into organizational corruption. Deontic principles like fairness as moral virtue could help to reduce the tendency to be engaged in corrupt practices. Newcomers with strong deontic principles were

more resistant against socialization into corruption (Beugré, 2010).

Another interesting concept is the moral disengagement in the context of organizational corruption. This concept is based on Albert Bandura's theory of moral disengagement and explains why certain people are able to engage in inhumane conduct without apparent distress (Bandura, 1990, 1999, 2002). Moore (2008) discussed how this concept may help to initiate, facilitate and perpetuate corruption within organizations through their effect on moral awareness (facilitating corruption inside organizations), unethical decision-making (paving the way for the initiation of organizational corruption) and organizational advancement (explaining in part how corruption may be perpetuated in organizations).

Pinto et al. (2008) developed a new conceptualization of corruption at the organizational level: they contrast the concept of the organization of corrupt individuals with the prevailing concept of organizational corruption and highlight their differences. Under the label "a corrupt organization", the authors understand a group of employees within top management, which carries out corrupt behaviours on behalf of the organization. The other type "organization of corrupt individuals" is defined as an emergent, bottom-up phenomenon, which corresponds essentially to a scaling up of personally beneficial corrupt behaviours of individuals at the cost of the organization. If a number of these individual behaviours crosses a critical threshold, than they could characterize an organization as corrupt and its external reputation could be adversely affected (Ashforth et al., 2008). This multilevel approach encompasses bottom-up and top-down corruption. Pinto et al. (2008) developed their theory around the two most common and fundamental dimensions in the literature: Dimension 1: primary beneficiary, Dimension 2: collusion among organizational members.

3.2. Governance and family firms

There has been an on-going debate in the existing literature to define „family firms“. Chua et al. (1999) reviewed over 250 papers in the family business literature and found 21 different definitions of family firms. (Chrisman, Chua, & Sharma, 2005) e.g. classify the definitions of family firms into the component-of-involvement approach and the essence approach. The former approach focused on the components of a family's involvement in the business, namely ownership, governance, management and generational succession. The other approach used the theoretical framework to identify and explain the uniqueness of family firms. Most of the definitions of family firms classifying a firm either a family or a non-family firm (Lau, 2010).

One popular theory in corporate governance literature is the agency theory (Jensen & Meckling, 1976). It defines the relationship between the owner (principal) and the manager (agent), which involves a delegation of decisions. If both parties to the relationship are utility maximizers, it follows that the agent will not always act in the best interests of

the principal (Jensen & Meckling, 1976). Agency costs are costs, which arise out of this divergence of interests in combination with the costs of monitoring and bonding the manager to limit this divergence (Bartholomeusz & Tanewski, 2006). However, the effect of agency costs in other ownership structures; in particular, the family-founded, -owned, and -controlled firm is covered by the literature with relative paucity. While important work has been directed towards developing an understanding of this unique ownership structure, when it is considered that family firms account for 91 percent of all German companies and 88 percent of the total number of enterprises are privately owned companies (The Foundation for Family Businesses in Germany and Europe, 2019). According to the U.S. Bureau of the Census, about 90 percent of American businesses are family-owned or controlled. Also in China, the private sector and the number of entrepreneurs have grown rapidly to 27 million in 2017, of which family businesses made up the majority. The number of family businesses as a proportion of all private enterprises listed on the A-share market showed an increase from 48.9% in 2016 to 55.7% in 2017. 1,112 family businesses were listed on the domestic Chinese stock market in April 2017 (PWC, 2018).

It would seem that the economic significance of family firms has been underrepresented by academic literature (Bartholomeusz & Tanewski, 2006).

Nevertheless, some interesting researches exist in the literature, which examine family firms in different contexts. Simon Bartholomeusz and George A. Tanewski's (2006) study e.g. based on a cross-section sample of 100 firms, which trade on the Australian Stock Exchange in 2002 and analysed the relations between family control and corporate governance structure. The sample is divided between family and non-family firms, because they wanted to test the hypotheses that corporate governance structures are different between family and non-family firms and that these differences lead to performance differentials. The argumentation and hypothesis building are based on agency theory.

The argumentation of James Lau (2010) also based on the perspective of agency theory. The paper "Defining listed family-controlled corporations - an agency theory perspective" undermines different definitions of family enterprises compared to non-family enterprises. According to the author, the main difference lies in the control of decision-making processes. Various criteria (Shareholding, Decision-Making Process, Family dominance of management control structure) from the literature are discussed.

Another popular theory to declare the relationship between stockholders and the manager of a firm is the stewardship theory. Stewardship theory has its roots in psychology and sociology. This theory examines situations in which executives as stewards are motivated to act in the best interests of their principals (Donaldson & Davis, 1991). In this theory, steward behaviour is ordered such that pro-organizational, collectivistic behaviours have higher utility than individualistic, self-serving behaviours. Stewards believe their interests are aligned with that

of the corporation and its owners. Thus, the steward's interests and utility motivations are directed to organizational rather than personal objectives (Davis & Schoormann, 1997).

That agency and stewardship theories are not completely divergent in the context of family business shown by the work of Madison, Holt, Kellermanns, and Ranft (2016). Their Literature Review "Viewing family firm behaviour and governance through the lens of agency and stewardship theories" does not treat agency and stewardship theories completely separately, but reveals the interdependence and mutual explanatory power of both theories for family businesses. The authors also showed that governance mechanisms of both theories serve their intended purpose with regard to pro-organizational behaviour and family firm performance but that family involvement has the potential to create both agency and stewardship governance environments that are unique to family firms.

The second article by Madison, Kellermanns, and Munyon (2017) "Coexisting agency and stewardship governance in family firms: an empirical investigation of individual-level and firm-level effects" theoretically and empirically linked the assumption of agency and stewardship theories to investigate their different and combined influence on family firms. Agency theory research claims that self-interested agency behaviour exists in family businesses and can be reduced through the use of agency governance mechanisms, such as control and monitoring activities and compensation incentive systems, to enable increased business performance. Conversely, research on stewardship theory suggests that stewardship behaviour is widespread in the family and is maintained and improved through the use of stewardship governance mechanisms, such as participative management and involvement-oriented work environments, to enable higher business performance. The family-related governance dimensions, e.g. family members, ownership, management, control, participation, determine the agency or stewardship outcomes that ultimately affect the performance of the family business. This study showed that agency and stewardship governance coexist in companies and the differences at the individual and company level can thus be explained. Especially family businesses with a high degree of agency and stewardship governance have better performance, lower agent behaviour and higher steward behaviour.

The article by Kabbach de Castro et al. (2017) "Family firms and compliance: Reconciling the conflicting predictions within the socioemotional wealth perspective" analysed to what extent and under what conditions family ownership influences companies' non-compliance with the governance provisions of the codes. The SEW theory was developed by (Gómez-Mejía et al., 2007) and should help to explain why family firms behave distinctively and decisions are not driven by economic logic in family firms (Berrone, Cruz, & Gomez-Mejia, 2012). Taking into account the socioemotional wealth perspective, the two dimensions of corporate governance and reputation are used to analyse the non-compliance of codes. The results showed that

the dimension of family influence and control leads to a high degree of non-compliance, while the sociability resulting from the image and reputation dimension reduces non-compliance. In this context, the corporate governance literature attempts to filter out the characteristics of the agency problem in family businesses. Different types of owners, especially families, will have different beliefs about how best to manage or influence businesses and what is meant by "good corporate governance". In the relationship between family businesses and managers, the principal agency problem arising from these different interests can minimize agency costs, as family members are more likely to monitor. However, with high family ownership, the principal agency problem can exacerbate agency costs vis-à-vis non-family shareholders. The authors examined the moderating effect of the agency problem on the relationship between family ownership and non-compliance. In general, the authors pointed out that the causes for compliance with non-legally prescribed codes have hardly been researched, which is particularly true of family businesses.

A similar study to Bartholomeusz and Tanewski (2006) created Navarro and Ansón (2009) with "Do families shape corporate governance structures?". Therefore, the paper examines a set of corporate governance characteristics of 132 non-financial Spanish listed firms. They analysed the differences in the corporate governance structures of family businesses to non-family businesses and focused on different family ownership configurations. The results showed that there were significant differences in corporate governance structures between family and non-family companies. In addition, the family firm's boards present differential characteristics and that different patterns of family ownership configurations did not affect family firm corporate governance structures.

With their study the authors Zellweger and Kammerlander (2015) attempt to make three contributions to the literature. First, departing from an unitary-family perspective, they shift the governance discussion in family firms to a constellation with multiple family owners having diverging preferences. This shift in the level of analysis is of particular relevance for larger families who often oversee significant wealth, namely, "old money families". Discussing two understudied types of agency costs, which might be relevant for family firm research in general as well as agency-based research on governance: family blockholder agency costs, which arise from heterogeneous family owner interests, and double-agency costs, which arise from the separation of family owners and their assets as an attempt to curb family blockholder conflicts. Finally, discussing four governance forms (uncontrolled family, embedded family office, a single-family office, and family trust), which differ in the level of separation between the family and its assets.

Others research topics deal with the influence of various family characteristics on governance mechanism (Felício & Villardón, 2015). Various family characteristics influence governance mechanisms. In addition, family businesses tend to cluster due to the relationship between family traits

and governance mechanisms. Rituals and family reunions play an important role in aligning interests and participation, facilitating the selection of external managers. Therefore, Felício and Villardón (2015) test a theoretical model resorting to data on 151 Portuguese SMEs. The results reveal that family characteristics are a source of heterogeneity among family firms, which corroborates the criticism on family firms' homogeneity assumption.

3.3. Unethical work behaviour/misconduct/corruption and family firms

Another interesting perspective showed different researcher out of the research field: business ethics and psychological science. They focused on unethical behaviour, misconduct or other ethical/psychological constructs and discussed these in the context of family firms or organizations.

Corruption or non-compliance in form of misconduct/unethical behaviour is also an ethical dilemma in organizations and can be understood as a special case of role conflict in which individuals receive contradictory messages about what they should do in a decision situation (Adams, Taschian, & Shore, 1996). Corrupt behaviour is caused by the wrong decision-making process of one or more persons in organizations. Different factors and their influences on unethical behaviour were studied.

Ethics deals with the distinction between what is right and wrong. It is concerned with the nature and grounds of morality, including moral judgments, standards, and rules of conduct (Taylor, 1975). The ethical climate of an organization can be defined as a shared set of norms, values and practices of organizational members regarding appropriate behaviour in the workplace (Agarwal, 1999).

In organization ethical principles exist in the form of a business code of ethics, which is used to monitor employees' behaviour within a business organization. An employee's behaviour may be considered either ethical or unethical according to the specific codes of ethics accepted within a given organization (Lin, Clay, Hajli, & Dadgar, 2018). Behaviours which consistent with codes of ethics and acceptable conduct within a referent group (e.g., society, a firm, a team, or individually) is designated as ethical behaviour. The opposite of this behaviour is the unethical behaviour that violates these norms. Ethical behaviour implies adherence to these moral norms, whereas unethical behaviour involves the violation of both official standards, rules and informal social norms (Kaptein & Schwartz, 2008).

The authors Gino, Ayal, and Ariely (2009) of "Contagion and differentiation in unethical behaviour: The effect of one bad apple on the barrel" wanted to know if the exposure to other people's unethical behaviour can increase or decrease individual's dishonesty. Therefore, they conducted two experiments. In the first experiment, they tested the influence of the three mechanisms for dishonesty under four conditions. In the second experiment, they tested the independent effect of saliency under three conditions. Experiment 1 showed that the confederate dramatically influenced the level of cheating, such that cheating increased

further in the in-group-identity condition and decreased in the out-group-identity condition. The results of experiment 2 showed that people react to the unethical behaviour of others and that their reaction depends on the social norms implied by the observed dishonesty and on the saliency of dishonesty.

Unethical behaviour is under-examined in the workplace and only a few studies have attempted to explore the antecedents of an employee's ethical decisions, particularly with respect to unethical behaviour and its effects. Therefore, Lin et al. (2018) study captured an employee's psychological perception of unethical behaviour in the workplace and integrated organizational factors (code of conduct, the likelihood of detection and performance pressure) into the theory of reasoned action. They found out that codes of conduct and performance pressure have a significant influence on an employee's attitude towards and social beliefs about unethical behaviour. Ethical behaviour and subjective norms negatively influence employees' intentions to behave unethically. In addition, these results showed how important the organizational factors are in formulating an employee's attitude toward ethical behaviour within the workplace. The intention of employees to behave unethically will be reduced if the intuitional importance on ethical behaviour increased. In addition, management teams should engage in in-depth communication about ethics with employees, needed to build a good organizational and a good corporate culture, because unethical behaviour by employees will have an effect on firm performance.

How important the influence of personal values and value congruence on unethical practices and work behaviour are, showed in Suar and Khuntia (2010) study. For this, 340 middle-level managers from four manufacturing organizations rated 22 values as guiding principles to them to identify their personal values. In order to index organizational values, 56 top-level managers of the same organizations rated how important such values were to the organization. The results showed that personal values more potently and consistently decreased unethical practices and increased work behaviour compared to value congruence.

The relationship between unethical behaviour and the tendency of fraud regarded by Irianto, Novianti, Rosalina, and Firmanto (2012). They analysed the influence of integrity and compensation systems on unethical behaviour and the influence of unethical behaviour on the tendency of fraud. The results showed that integrity had no influence on unethical behaviour but instead had compensation systems a negative significant influence on unethical behaviour. In addition, the research confirmed that unethical behaviour had a positive influence on the tendency of fraud. In other words, the tendency of fraud may be reduced by the existence of an ethical environment.

The article "The effects of the dark triad on unethical behavior" by Harrison, Summers, and Mennecke (2018) developed an ethical decision-making model that describes psychological factors affect the development of unethical intentions to commit fraud. Therefore, the authors used the fraud

triangle to explore the effects of the dark triad on fraud behaviours in the context of an online purchasing decision.

The dark triad describes the three especially prominent personality traits: psychopathy, Machiavellianism and narcissism (Paulhus & Williams, 2002). Narcissism is the tendency to harbour grandiose and inflated self-views while devaluing others (Morf & Rhodewalt, 1993). Narcissists are shown to exhibit extreme vanity; attention and admiration seeking; feelings of superiority, authority, and entitlement; exhibitionism and bragging; and manipulation (Raskin & Terry, 1988). Machiavellianism is the tendency to cynical, misanthropic, cold, pragmatic, and immoral beliefs; detached affect; pursuit of self-beneficial and agentic goals (e.g., power, money); strategic long-term planning; and manipulation tactics (Rauthmann & Will, 2011). Psychopathy is the tendency to impulsive thrill-seeking, cold affect, manipulation, and antisocial behaviours (Williams, Nathanson, & Paulhus, 2003), often falling into a primary (affective shallowness, lack of empathy and remorse, superficial charm, and manipulation) and secondary component (social deviance, low socialization, impulsivity, irresponsibility, aggression, sensation seeking, delinquency) (Hare & Neumann, 2009).

The fraud triangle was also used in the paper of den Nieuwenboer and Kaptein (2008). This framework built the base for formulating the three downward organizational spirals that were oriented on the three sides of the fraud triangle.

The results of Harrison et al. (2018) indicated that dark triad does affect fraud behaviour. Each dark triad element affects different factors in the fraud triangle model and that the effects of psychopathy and Machiavellianism have a stronger influence on fraud intentions than does narcissism. These disparate effects of the three dark triad personality characteristics have important ramifications because individuals with a combination of higher scores on psychopathy, narcissism, and Machiavellianism possess a special collection of undesirable psychological traits that stimulate every phase in the cognitive process of fraud. This finding also indicates that different deterrence mechanisms will have differential impacts on individuals.

Investigating psychological processes underlying unethical behaviour among employees has become a critical area of research for organizational scientists. "Investigating the effects of moral disengagement and participation on unethical work behavior" of Barsky (2011) sought to explain why people engage in deceptive and fraudulent activities by focusing on the use of moral-disengagement tactics or rationalizations to justify egregious actions at work. Therefore, the mechanisms of moral disengagement should be integrated in the self-regulation and unethical work behaviour research. The author described how two mechanisms of moral disengagement - moral justification and displacement of responsibility - interfere with moral reasoning (i.e., awareness and judgement) to influence individuals' decision to engage in unethical deception at work. He executed

two studies, a laboratory-based business simulation and a field survey. The results showed that moral justification and displacement of responsibility were significantly related to unethical behaviour, but the effect was very little. The results from Study 2 replicated the findings from Study 1.

The described research analysed the effect of unethical behaviour on corrupt/fraudulent acts and showed different strategies on how to commit fraud/corruption or how people justified their wrongdoings. The following papers connected the recent research about unethical behaviour/misconduct with the special issue of family firms.

Adams et al. (1996) expanded research on ethics in family firms and want to find out if family firms are more, less or equally as ethical as non-family controlled firms. Therefore, they compared structured interview data from family firms with non-family owned firms. No differences exist e.g. in perceptions of ethical-related experiences, attitudes and behaviours between members of these two groups. The researcher only found differences in following factors: the lack of codes of ethics in most family firms; more non-family businesses offered ethics training programs, and more representatives of family businesses reporting that role modelling is used to encourage ethical behaviour in their companies.

Ding and Wu (2014) wrote "Family ownership and corporate misconduct in U.S. small firms". This study adds to the theory of family business management by exploring the effects of family ownership on the corporate misconduct of small firms in the United States. The study showed that small family firms were less likely to commit corporate misconduct than small non-family firms and this mainly resulted from their intention for a trans-generational succession of moral capital. These firms may care more about their reputation and tended to commit fraud. The authors also investigated the family-ownership-misconduct relationship and found out that only mature family firms with older owners were less likely to commit corporate misconduct.

The combination of all three big research topic governance, family firms and corruption were discussed by Ding, Qu, and Wu (2016). Their study "Family control, socioemotional wealth, and governance environment: The case of bribes" focused on the relationship between family control and young entrepreneurial firm's bribing behaviour around the globe. Family control reduces a firm's bribery behaviour, but this effect only exists in countries with the weaker macro-governance environment. The results showed that family control could, among other things, help to restrain a young (and unlisted) entrepreneurial firm from engaging in unethical and illegal behaviours. The authors assumed, from the perspective of the fraud triangle, that a less developed macroeconomic environment can offer both family-owned and non-family businesses the opportunity to commit fraud, but the former may be less motivated to do so. Because fraud endangers the preservation of the socio-emotional wealth of the family (SEW), which is "a central goal in itself" in family-run businesses. This,

in the long run, may enhance firm performance and thus increased returns for investors. The previous argument that family-controlled firms have a stronger internal governance system is consistent in general. Unethical and illegal behaviour damages the value of the company, and it is therefore important that private investors, especially international investors, who are not very familiar with the governance environment of some countries, identify fixed characteristics that could help to reduce this behaviour.

The advantages are rooted in superior social capital and social connectedness owned by family-controlled firms and their intention to preserve the family's SEW, which were specially mentioned in Kabbach de Castro et al. (2017) and Yamanoi and Asaba (2018).

Furthermore, Yamanoi and Asaba (2018) based their research on socioemotional wealth principles. Their study "The impact of family ownership on establishment and ownership modes in foreign direct investment: The moderating role of corruption in host countries" took the socioemotional wealth perspective to examine the impact of family ownership on foreign direct investment. Companies with a higher degree of family ownership were more likely to make Greenfield investments and full ownership to preserve the socio-emotional wealth of family owners. In corrupted countries, greater control over foreign subsidiaries was necessary to restrict their corrupt behaviours, which can seriously damage the firm's socioemotional wealth and destroy the reputation of the family owners.

3.4. SME and corruption/fraud

Family firms are not always multinational enterprises, but often SMEs. SMEs are important to all economies in the world, because they contribute output and create jobs (Andoh, Quaye, & Akomea-Frimpong, 2018). The following paper examines SMEs in connection with corruption and fraud. So that the results can also apply to family businesses.

The article: "Impact of fraud on Ghanaian SMEs and coping mechanisms" of Andoh et al. (2018) determined the drivers of internal fraud in Ghanaian SMEs and prescribed coping mechanism. Their study based on a cross-sectional regression. The authors identify the most important drivers of internal fraud that inhibit the growth of Ghanaian SMEs. Therefore, they used primary data collected from 250 SMEs from various sectors across Accra, the capital of Ghana. The regression results showed that only accounting fraud is a significant variable affecting the growth of Ghanaian SMEs. Additional this study prescribes coping mechanisms, e.g. the staff is allocated clearly defined roles and responsibilities, to tackle fraud in their bid.

Mendoza, Lim, and Lopez (2015) discuss corruption on the different point of views in their article "Grease or sand in the wheels of commerce? Firm-level evidence on corruption and SMEs". Bribes can either put "grease" or "sand" in the wheels of commerce, affecting firm performance (at the micro-level) and, ultimately, economic growth (at the macro-level). These two opposing hypotheses on the

role of corruption plays in countries with weak institutions raise an important empirical question. The results of comparing different studies show that corruption could lead to different outcomes depending on the specific context and characteristics of the company. The results of the above study do not provide clear evidence that bribery is detrimental to corporate growth and performance.

N'Guilla Sow, Basiruddin, Mohammad, and Abdul Rasid (2018) wrote "Fraud prevention in Malaysian small and medium enterprises (SMEs)". This study distributed 126 questionnaires to general managers, financial managers and supervisors in Malaysian small and medium enterprises (SMEs). Multiple regression was used to test the theoretical model. The output of multiple regressions showed that culture of honesty and high integrity, anti-fraud processes and controls and appropriate oversight functions has a positive and significant effective on fraud prevention mechanisms.

The paper "SME performance in transition economies: The financial regulation and firm-level corruption nexus" of Wieneke and Gries (2011) solved the paradox by showing that a government's decision to limit banking competition is linked to corruption at the corporate level. Corruption at the corporate level reduces the incentive to allow banks to compete, e.g. by liberalizing the financial markets if the government benefits from the activities of the banking sector. This result also applies when the decisive institution itself is not corrupt. Therefore, the two most important problems for SMEs, finance and corruption, are closely related.

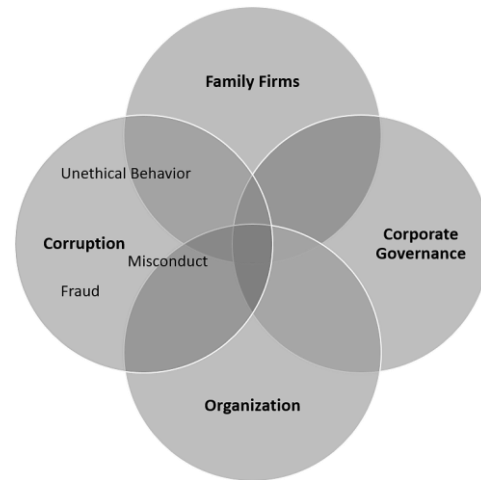
4. DISCUSSION

As the literature analysis has shown, four research areas can be identified. The biggest research area is presented by the organizational corruption literature, followed by corporate governance in family and non-family firms. The smallest research area is out of the ethical view in combination with family firms, if the number of found articles is considered.

All research areas view the topic of family firms and corruption out of different perspectives. This results in the following overlaps, which are symbolised by the crossing section of the circles (Figure 4). For example, the fraud triangle is used in the organizational corruption areas just as in the unethical work behaviour literature. It can be used to declare different phenomes on an organizational and individual level. For example, Ms. Watkins declares the corruption scandal of Enron with the three sides of the fraud triangle (Beenen & Pinto, 2009). Harrison et al. (2018) developed an ethical decision-making model that based on the fraud triangle to explore the effects of the dark triad on fraud behaviour. These articles were published in different Journals, which present different literature areas. On the one hand, the Academy of Management Learning & Education and on the other hand the Journal of Business Ethics. The analysis shows that there are existing parallels between the economic, criminological, sociological, psychological

and management literature and that can be helpful to take a look in the other research areas.

Figure 4. Research areas



Nevertheless, the analysis has also shown that the connections between the research areas are insufficient to declare the complex phenomenon of corrupt behaviour in family firms. Family firms are a special construct regarding their composition of the management board and their corporate culture. Some of the paper discussed different views of family firms and what makes them special in comparison to non-family firms. One classical approach is the principal-agency theory to define the unique ownership structure of family firms. In this context, it is useful to discuss the socioemotional wealth approach, which represents noneconomic utilities including affective needs for identity, the ability to exercise family influence, and the preservation of the family dynasty (Gómez-Mejía et al., 2007). This is necessary to point out the uniqueness of family firms.

There are many definitions of the term "family business", but in science, the most important definition of Chua et al. (1999) is judged, which developed the so-called essence-of-family-business approach (Chrisman et al., 2005; Chua et al., 1999).

These two main approaches to characterize family firms pointed out that the family involvement, which significantly influences a firm's behaviour, performance, goals and resources, makes the uniqueness of this firm type. It is important to keep this in mind, but it should not be ended at this point in a discussion about defining family business in comparison to non-family firms.

In other words, researchers study family businesses because they believe that the family component shapes the business in a way that the family members of executives in non-family firms do not and cannot (Lansberg, 1983).

Another important aspect is the development of white-collar crime around the globe. The cases of white-collar crime mentioned in the introduction have steadily increased in recent years. White-collar crime – such as fraud, embezzlement, bribery and money laundering – has destroyed enormous amounts of shareholder value at companies such as Well Fargo, Alstom, Odebrecht, Petrobras, Rolls-

Royce, Siemens, Telia, Teva Pharmaceutical, VimpelCom and Volkswagen (Healy & Serafeim, 2019). By 2016, Wells Fargo's Consumer division employees had opened more than a million unauthorized accounts and sold thousands of unneeded products to customers. The company had to pay \$185 million to the Consumer Financial Protection Bureau – and after revelations of other consumer abuses became known, Wells Fargo was later fined an additional \$1 billion and paid \$575 million to settle litigation.¹³ In total, the losses amount to billions of dollars. The penalties imposed on companies can be considerable: Siemens was fined 1.6 billion dollars¹⁴, Odebrecht 3.5 billion dollars¹⁵ and Volkswagen about 20 billion dollars¹⁶. In addition, there are business costs, such as time and energy management, which must be spent to clean up the mess and negotiate comparisons; reputation damage; the impact on revenue, profit and share price; declines in employee engagement and productivity; and increasing employee turnover (Healy & Serafeim, 2019).

Against this background, compliance management should play an important role in corporate management and especially in family firms. White-collar crime plays a role in all types of business as the cases shown. The question now arises whether the particular family component has an influence on corrupt or unethical work behaviour in companies. The special construct “family” maybe influences corrupt behaviour or unethical work behaviour in a positive or negative way. What does that mean? The construct family can be responsible for the fact that the control mechanisms in family businesses are neglected due to the corporate culture and the basis of trust and thus may support the opportunity for corrupt or unethical work behaviour. However, it is precisely that the special corporate culture based on family values could also contribute to corrupt or unethical work behaviour occurring to a much lesser extent in family businesses.

Another aspect could be the different corporate governance structures in family firms, which maybe represent the protective element against white-collar crime. Research paper like “The relationship between family firms and corporate governance” by Bartholomeusz and Tanewski (2006) showed that there is an existing difference between the corporate governance structure in family firms and non-family firms. This can influence the likelihood of the occurrence of corrupt or unethical work behaviour.

¹³ The New York Times – Corkery, Michael: Wells Fargo Fined \$185 Million for Fraudulently Opening Accounts, 09.08.2016. Link: <https://www.nytimes.com/2016/09/09/business/dealbook/wells-fargo-fined-for-years-of-harm-to-customers.html>, [25.09.2019].

¹⁴ Npr – Shapiro, A.: Siemens Hit With \$1.6 Billion Fine In Bribery Case, 16.12.2016. Link: <https://www.npr.org/templates/story/story.php?storyId=98317332>, [25.09.2019].

¹⁵ Department of Justice – Office of Public Affairs: Odebrecht and Braskem Plead Guilty and Agree to Pay at Least \$3.5 Billion in Global Penalties to Resolve Largest Foreign Bribery Case in History, 21.12.2016. Link: <https://www.justice.gov/opa/pr/odebrecht-and-braskem-plead-guilty-and-agree-pay-least-35-billion-global-penalties-resolve>, [25.09.2019].

¹⁶ Forbes, Trefis Team: Volkswagen's Net Dieselgate Spending In The U.S. Rises Above \$20 Billion, 19.01.2017. Link: <https://www.forbes.com/sites/greatspeculations/2017/01/19/volkswagens-net-dieselgate-spending-in-the-u-s-rises-above-20-billion/#1484a5c0537c>, [25.09.2019].

In addition, both arguments can affect a higher or less likelihood of corrupt or unethical work behaviour in a family business. Further research will show if there are differences between family and non-family firms with regard to the occurrence of corrupt or unethical work behaviour.

5. CONCLUSION AND FURTHER RESEARCH

As the results of the systematic and iterative literature analysis showed, the topic of compliance or corruption in family businesses have different research priorities in the current research literature. The compliance topic itself is already well-received in the literature, but frequently only from the perspective of corporate governance research in the sense of non-compliance with regulations. The literature in connection with family businesses deals not only with the observance of governance regulations but also with the management and control structures of the company on an organizational and individual level. The focus here is primarily on the owner constellations and the characteristics of family businesses and their effects on the performance dimension in order to safeguard the continued existence of the company. However, these factors are not examined in relation to compliance problems in terms of misconduct and/or corruption.

The business ethic literature dealt with corruption in the sense of unethical and illegal behaviour in family and non-family enterprises. These articles can be used as a basis to identify further influencing factors and explanatory variables that lead to avoiding or reducing fraudulent actions in family businesses. Therefore, another research is needed.

Family businesses, in particular, have a strong culture of trust, which, however, can make formal regulations appear rather superfluous. These family businesses, that neglect or even ignore their good governance, thus considerably weaken their family business and its continued existence.

Family businesses are also affected by organizational and individual corruption, as are non-family businesses. Various research steps are planned to investigate the special role of the family and its influence on corrupt behaviour in the corporate context. First, an empirical survey is planned about the perception of risks, corruption and compliance measures in the participating company. The sample will be split into family and non-family firms.

Based on this study, a fraud experiment will be carried out. Based on a game situation, the test persons should decide whether they cheat or not. The context factors can be adjusted accordingly to find out under which conditions and factors someone is more likely to cheat. This future research should help to understand corruption or compliance in different types of businesses and to find out whether the likelihood of corruption is higher or lower in family firms than in non-family businesses.

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Appendix

<i>Organizational Corruption/Fraud</i>		
<i>Authors</i>	<i>Year</i>	<i>Topic</i>
Aguilera and Vadera	2008	The dark side of authority: Antecedents, mechanisms, and outcomes of organizational corruption
Anand, Ashforth, and Joshi	2005	Business as usual: The acceptance and perpetuation of corruption in organizations
Ashforth and Anand	2003	The normalization of corruption in organizations
Ashforth, Gioia, Robinson, and Treviño	2008	Re-viewing organizational corruption
Beenen and Pinto	2009	Resisting organizational-level corruption: An interview with Sherron Watkins
Beugré	2010	Resistance to socialization into organizational corruption: A model of deontic justice
den Nieuwenboer and Kaptein	2008	Spiraling down into corruption: A dynamic analysis of the social identity processes that cause corruption in organizations to grow
Lange	2008	A multidimensional conceptualization of organizational corruption control
Martin, Johnson, and Cullen	2009	Organizational change, normative control deinstitutionalization, and corruption
Misangyi, Weaver, and Elms	2008	Ending corruption: The interplay among institutional logics, resources, and institutional entrepreneurs
Moore	2008	Moral disengagement in processes of organizational corruption
Murphy and Dacin	2011	Psychological pathways to fraud: Understanding and preventing fraud in organizations
Osrecki	2015	Fighting corruption with transparent organizations: Anti-corruption and functional deviance in organizational behavior
Osuagwu	2012	Conceptualization of corruption in business organizations
Pinto, Leana, and Pil	2008	Corrupt organizations or organizations of corrupt individuals? Two types of organization-level corruption
Schembera and Scherer	2017	Organizational strategies in the context of legitimacy loss: Radical versus gradual responses to disclosed corruption
Venard and Hanafi	2008	Organizational isomorphism and corruption in financial institutions: Empirical research in emerging countries
17		
<i>SME and Corruption/Fraud</i>		
Andoh, Quaye, and Akomea-Frimpong	2018	Impact of fraud on Ghanaian SMEs and coping mechanisms
Mendoza, Lim, and Lopez	2015	Grease or sand in the wheels of commerce? Firm level evidence on corruption and SMES
N'Guilla Sow, Basiruddin, Mohammad, and Abdul Rasid	2018	Fraud prevention in Malaysian small and medium enterprises (SMEs)
Schembera and Scherer	2018	Institutional and emotional dynamics on the dark side of legitimacy: Anti-corruption at SMEs
Wieneke and Gries	2011	SME performance in transition economies: The financial regulation and firm-level corruption nexus
5		
<i>Family Firms and Governance</i>		
Bartholomeusz and Tanewski	2006	The relationship between family firms and corporate governance*
Daspit, Chrisman, Sharma, Pearson, and Mahto	2018	Governance as a source of family firm heterogeneity
del Carmen Briano-Turrent, and Poletti-Hughes	2017	Corporate governance compliance of family and non-family listed firms in emerging markets: Evidence from Latin America
dela Rama	2012	Corporate governance and corruption: Ethical dilemmas of Asian business groups
Eddleston, Chrisman, Steier, and Chua	2010	Governance and trust in family firms: An introduction
Felicio and Villardón	2015	Family characteristics and governance of small and medium-sized family firms
Kabbach de Castro, Aguilera, and Crespi-Cladera	2017	Family firms and compliance: Reconciling the conflicting predictions within the socioemotional wealth perspective
Lau	2010	Defining listed family controlled corporations – An agency theory perspective
Madison, Holt, Kellermanns, and Ranft	2016	Viewing family firm behavior and governance through the lens of agency and stewardship theories
Madison, Kellermanns, and Munyon	2017	Coexisting agency and stewardship governance in family firms: An empirical investigation of individual-level and firm-level effects
Navarro and Ansón	2009	Do families shape corporate governance structures?
Scholes and Wilson	2014	The importance of family firm trusts in family firm governance
Zellweger and Kammerlander	2015	Family, wealth, and governance: An agency account
13		
<i>Unethical Work Behavior/Misconduct</i>		
Barsky	2011	Investigating the effects of moral disengagement and participation on unethical work behavior
Gino, Ayal, and Ariely	2009	Contagion and differentiation in unethical behavior: The effect of one bad apple on the barrel
Harrison, Summers, and Mennecke	2018	The effects of the dark triad on unethical behavior
Irianto, Novianti, Rosalina, and Firmanto	2012	Integrity, unethical behavior, and tendency of fraud
Lin, Clay, Hajli, and Dadgar	2018	Investigating the impacts of organizational factors on employees' unethical behavior within organization in the context of Chinese firms
Suar and Khuntia	2010	Influence of personal values and value congruence on unethical practices and work behavior
Zuber	2015	Spread of unethical behavior in organizations: A dynamic social network perspective
7		
<i>Family Firms and Behavior/Misconduct</i>		
Adams, Taschian, and Shore	1996	Ethics in family and non-family owned firms: An exploratory study
Ding and Wu	2014	Family ownership and corporate misconduct in U.S. small firms
Du	2015	Is corporate philanthropy used as environmental misconduct dressing?: Evidence from Chinese family-owned firms
3		
<i>Family Firms and Corruption</i>		
Ding, Qu, and Wu	2016	Family control, socioemotional wealth, and governance environment: The case of bribes
Yamanoi and Asaba	2018	The impact of family ownership on establishment and ownership modes in foreign direct investment: The moderating role of corruption in host countries
2		