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# MECHANISMS OF CORPORATE GOVERNANCE APPLIED IN FAMILY BUSINESSES LOCATED IN WESTERN ALGERIA: A QUESTIONNAIRE-BASED ANALYSIS OF A RESEARCH SAMPLE

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**Abstract**. *Through this research, we aimed to investigate the extent to which governance mechanisms are applied in Algerian family businesses. We focused on two aspects of governance: the first related to business governance and the second related to family governance structures. This was done using a quantitative methodology on a sample of Algerian family businesses located in the western part of the country, comprising 22 firms, with 100 questionnaires collected from respondents who represented top and middle management leaders in these businesses. The findings revealed that governance structures in both aspects (business governance and family governance) are applied in these businesses. Additionally, it was concluded that there are no differences in the application of governance structures in these companies attributable to job title or educational attainment. However, differences in application were found to be linked to professional experience.*

**Key words**: *business governance, family governance structures, Algerian family businesses.*

**JEL Classification**: G34, L22, M10

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## 1. INTRODUCTION

Family enterprises constitute the most ancient and widespread type of business organization worldwide, making up more than 70% of all firms and significantly contributing to the expansion of economic activity and the creation of employment opportunities (May, 2021). In recent decades, these firms have emerged as a significant area of research. Their increasing influence in the modern economy has drawn considerable interest from scholars. FF (family firms) can be characterized as networks of personal and informal connections among persons engaged in the same familial business (Rodrigues & Marques, 2013). Many scholars have offered diverse definitions of family-owned businesses. Nonetheless, a common agreement revolves around two essential elements: "ownership by family members" and "management at the family level" (Hennart et al., 2019). Typically, these companies are characterized by: (a) a large portion of the family's wealth and share capital are controlled by the family across generations; (b) a high degree of involvement in corporate governance and management structures, including the CEO position, by family members who may have different managerial skills, goals, and preferences; and (c) the owning family's governance structures are more complex. These distinctive features impact the processes of acquiring and renewing resources and capabilities, thereby influencing the firm's strategic behavior (Camisón-Zornoza et al., 2020).

Collectively, these perspectives indicate that family participation in a company influences the kinds of objectives prioritized by the business, the firm's focus on short-term or long-term outcomes, the dynamics between owners, and the importance that the corporate system places on family individuals. Consequently, these objectives are likely to impact the decisions and activities of different family company stakeholders. Consequently, for FF, it is imperative to establish governance systems that enable the development of robust structures and well-defined procedures. These systems should effectively support the interconnected yet distinct domains of the family, ownership (shareholders), and firm (management/control) in crucial organizational processes such as strategic planning, decision-making, and conflict resolution. (Cortés & Botero, 2016).

In Algeria, family businesses represent a crucial pillar of the national economy, contributing significantly in fulfilling society's demand for goods and services, generating substantial employment opportunities, and making a significant contribution to the GDP. Despite their importance, research on family businesses in Algeria remains scarce or nearly absent. Officials and experts concur that family businesses dominate the private sector in Algeria. These businesses operate in a highly turbulent environment, influenced by an ongoing economic transition and rapid integration into the global economy (Ali Saiah, 2022; Farida, 2020; Mohammed et al., 2024). Since Most Algerian family businesses are subject to the control of one or more individuals within the family, governance practices often do not receive sufficient focus from these companies (Oudjedi et al., 2017). Therefore, the orientation of these firms towards the application of family business governance may be the most effective solution to ensure their continuity on the one hand, and to reduce conflict among stakeholders on the other. These family businesses have not received sufficient attention in research regarding corporate governance. Therefore, this study seeks to address this gap by investigating the most important governance structures applied in family businesses located in western Algeria. This will be achieved through a survey targeting the middle and top management leadership of these companies, where we addressed the extent of their application of business governance principles first, and then the extent of their application of family governance structures second.

In terms of research contribution, this study is considered one of the few pioneering research that have empirically and investigatively addressed the reality of governance in Algerian family businesses. It focuses on 22 family companies, a number that is considered significant when compared to other studies conducted in the same context (Algeria), where most research have examined case studies of a small number of companies, often not exceeding 10 businesses. Additionally, some other studies have addressed governance in family businesses in terms of key theoretical concepts or the prospects and challenges they face.

## 2. Literature Review

As the most common type of business worldwide, FBs are crucial in the world economy. They often develop into sophisticated enterprises (Batrancea, 2020). Family and business are intrinsically linked, with family members leading the company to ensure its long-term survival and generational continuity (Baltazar et al., 2023). Family firms, motivated by both nonfinancial and financial goals, prioritize longevity due to the direct impact of firm well-being on family welfare, leading to distinct behaviors compared to non-family firms (Schweiger et al., 2024).

Family businesses comprise three key elements – ownership, control, and management – the configuration of which can result in either positive or negative organizational consequences (Li, 2022; Wahyudi et al., 2021).

Throughout the developmental trajectory of family businesses, multiple definitions have emerged; yet, a singular, universally accepted definition remains elusive (Heenetigala et al., 2015). Family businesses typically commence with the entrepreneurial vision of one or more family members (Gutuleac et al., 2025).

Zapatero et al. (2012) define family businesses as a group of individuals linked by familial relationships who encourage the implementation of "best practices" as well as the creation of competitive advantages within their companies. This perspective is based on the idea that these businesses have historically been, or remain, an important source of value creation for the involved family members. However, the survival rate of FBs is relatively low, with the majority of such firms not lasting beyond three generations. Whereas, many of the challenges or "crises" these businesses face often arise from unintentional factors. This is because it is unlikely that a business founder, who has invested in establishing a company and involved their family in it, would intentionally risk harming the business or damaging family relationships (Rodrigues & Marques, 2013). A frequent issue is that family business owners often resist selling equity to external investors or bringing in outside expertise, which can limit the company's growth potential and threaten its long-term sustainability. Poza (2014) confirmed that approximately 70% of FBs do not sustain operations through the succession from the founding generation to the second. Among those that successfully transition to the second generation, only 30% continue to operate, and this figure further declines to 15% by the third generation and just 11% by the fourth generation. These concerns have prompted investigations into family enterprises, predicated on the notion that familial participation in ownership, management, and governance affects numerous internal organizational procedures and company-wide policies, including those related to corporate governance. (Nakpodia, 2024).

In his study Wells (2009) investigated the origins of corporate governance (CG), finding that its roots extend back to the early 20th century, earlier than the concerns raised by Berle and Means about its foundational principles. The concept of corporate governance developed as a solution to conflicts between investors and managers, implying that it has been relevant for as long as such disputes have existed. The literature emphasizes that corporate governance lacks a single, widely recognized, or all-inclusive concept. Despite this, most interpretations concur on fundamental components, characterizing corporate governance as the set of rules, procedures, and frameworks that businesses employ to direct and oversee their operations, accomplish their objectives, and protect the interests of their diverse stakeholders while upholding ethical principles (Guxholli et al., 2012). According to Castrillón (2021) CG in the business world is a dynamic and quickly changing activity that is driven by its vital function in fortifying an organization's operating framework. By guaranteeing the application of procedures and principles that, generally speaking, enable efficient supervision of a business's activities, its adoption and execution are anticipated to be advantageous to owners. This becomes especially crucial when disclosure and transparency-focused procedures are adopted.

Understanding the processes and structures that ensure that the actions of organizational stakeholders are in line with the goals of the ruling coalition is essential to studying corporate governance in family firms. (Cortés & Botero, 2016).

Islas-Moreno et al. (2021) argue that the overlapping nature of family, business, and ownership structures in family firms results in varied conflict patterns. Consequently, this necessitates the adoption of family business governance practices.

The structure of procedures, rules, and organizations known as family firm governance (FFG) was put in place at the top of the company, family, and ownership. It encompasses both formal and informal procedures that might come from inside or outside the company and are intended to control corporate conduct in a manner that facilitates the equilibrium and congruence of its stakeholders' interests (Pu et al., 2022). Given the dual focus on economic and non-economic goals in family firms, as well as the complexity of their stakeholder structures, these businesses require a governance framework that aligns with the intricacy of their stakeholder dynamics. Beyond overseeing management and ensuring control, FBs need to set up governance systems that minimize harmful disputes and promote harmony and a common goal inside the family. The first objective can be accomplished by implementing formal controls to reduce opportunism, in line with the principles of agency theory. The second objective necessitates the adoption of social controls that encourage interaction and the development of a shared vision among the diverse stakeholders (Mustakallio et al., 2002).

The governance structures and processes of the family system serve to clearly define the opportunities for family members to participate in the business, to clearly articulate and outline the demands and rewards associated with being a part of the family firm, and to facilitate the exchange of reliable information among family members (Cortés & Botero, 2016). Governance in family enterprises comprises two interconnected elements: business governance, which focuses on creating effective management and control structures within the company, and family governance, which addresses managing the family and fostering unity among its members. Improved business governance enhances economic value by actively fostering transparency and ensuring accountability in the management and oversight of the enterprise (Koeberle-Schmid et al., 2013). At the first level (Business) good governance is essential for businesses to thrive and endure, providing the framework for smooth and effective operations. The result of effective corporate governance is a responsible board of directors that safeguards the interests of investors. The board empowers shareholders to monitor management, ensuring accountability and alignment with the priorities of investors (Madhani, 2019). Boards have an oversight responsibility, overseeing the organization's strategy and keeping an eye on the top management team's decisions (Withers & Hillman, 2008).

At the family level, family governance is responsible for ensuring the cohesion and integration of the company's entity with the family entity. Family governance refers to the institutions and mechanisms that structure relationships within the family and between the family and its firm. These procedures, which can be formal or informal, change according to the firm's and the family's ownership stage and life cycle. (Suáre & Santana-Martín, 2004). The most recognized structures are the family meeting, family constitution, and family council. These institutions provide platforms and offer opportunities for family to gather, discuss important matters, and encourage increased interaction and involvement among individuals of the owning family (Mustakallio et al., 2002). Family meetings represent the foundational and most prevalent mechanism of family governance, serving as either formal or informal forums wherein family members convene to deliberate on matters pertaining to the family business (Pu et al., 2022).

Moreover, the implementation of family governance mechanisms, particularly the family constitution, contributes positively to the performance metrics of family businesses, especially in cultural environments with low levels of conflict. This beneficial impact is further strengthened when the company is managed by a non-family CEO (Arteaga Pérez, 2021). Whereas, family firms often create a parallel structure that includes two additional bodies known as the family council and the business council. Deferne et al.(2023) pointed out that family councils enable communication and decision-making among family members.

Current and prospective family shareholders make up the family council. In addition to exchanging ideas and offering solutions, it meets at least once a year to discuss the family's responsibilities to the business. On the other hand, only family members actively involved in the family business make up the business council. Before bringing new business ideas, projects, or investments to the CEO and the board of directors, this council evaluates family expectations and updates the family council on the company's progress (Brenes et al., 2011). Lastly, the establishment and application of corporate governance mechanisms offer family firms additional platforms beyond the family forum for sharing knowledge and defining the shared strategy to be followed (Camisón-Zornoza et al., 2020). In this context (Pittino et al., 2020; Trebicka, 2023) argue that a comprehensive understanding and effective management of these governance mechanisms, inherent challenges, and internal dynamics contribute to the strengthening of family firms' governance practices, thereby fostering their long-term sustainability and success.

Within the context mentioned in the literature, this research seeks to explore the current state of governance in Algerian family businesses, specifically those located in the west of the country, especially as this topic has not received sufficient research, particularly concerning governance structures. This will be addressed through a survey that includes the middle-upper management of these companies to identify the most important governance structures implemented. Accordingly, we hypothesize the following:

**H1**: Algerian family businesses located in western Algeria apply family business governance practices in both aspects (business governance principles and family governance structures).

To identify differences in respondents' answers regarding the extent of applying corporate governance in Algerian FBs, we propose the second hypothesis as follows:

**H2**: There are differences in the implementation of family corporate governance attributed to job title, educational attainment, and professional experience.

## 3. Methods

### 3.1. Data Collection and Sample

To gather primary data for this research, a structured questionnaire was distributed to middle- and senior-level managers working across 22 family businesses in Western Algeria. The survey instrument was divided into two parts: the first section captured demographic data, including respondents' educational background, job roles, and years of professional experience.

The second section assessed the core variable of the study, family business governance (FBG), comprising two primary dimensions: (1) adherence to corporate governance principles (9 items) and (2) implementation of family governance structures (7 items). (See Appendix). Participants' agreement levels were measured via a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree). The indicators were then ranked based on their perceived significance utilizing the Relative Importance Index (RII) method.

A total of 100 valid questionnaires were obtained from the target population and analyzed using IBM SPSS Statistics version 25.

### 3.2. Sample Characteristics

Regarding job titles, a significant majority of respondents (52 individuals) occupied mid- to senior-level managerial roles within family businesses. Department heads formed the second-largest category, followed by company owners and executive managers, while general managers represented the smallest group.

Analysis of educational qualifications revealed that 42% of participants held a Master's degree, constituting the largest proportion, followed by Bachelor's degree holders (23%). High school graduates formed the third-largest segment (17%), with the remaining respondents distributed across MBA holders (8%), unspecified qualifications (7%), and doctoral degrees (3%). Notably, 76% of the sample possessed university-level credentials (Master's, MBA, or Doctorate), aligning with the target demographic of mid- to senior-level managers, roles that generally mandate advanced education.

In terms of professional experience, the plurality of respondents (28 individuals) reported 5–10 years of experience. Those with fewer than 5 years of experience represented the second-largest group, followed by professionals with over 15 years and 11–15 years of experience, respectively.

### 3.3. Data Analysis

SPSS version 25 was employed for the statistical analysis of the data. The reliability of data was determined by calculating Cronbach's alpha coefficient, while descriptive statistics were utilized to examine overarching patterns in participant responses. For the purpose of hypothesis validation, inferential statistical analyses, encompassing independent samples t-tests and one-way ANOVA, were implemented.

## 4. RESULTS

### 4.1. Reliability Test

The reliability of the family business governance scale, comprising 16 items, was evaluated using Cronbach's Alpha. The results in table 1 below demonstrated a satisfactory level of internal consistency, with an Alpha coefficient exceeding the recommended threshold of 0.60.

**Table 1** Reliability Test

| | Cronbach's alpha value | N of items |
|---|---|---|
| Corporate governance principles | .657 | 9 |
| Family governance structures | .845 | 7 |
| Overall | .769 | 16 |

*Source: SPSS v.25 outputs*

### 4.2. Testing of Hypotheses

Table 2 below illustrates a general agreement among respondents with respect to the corporate governance principles implementation. The mean scores for items within this dimension ranged from a low of 3.42 (for the item stating that the company has a timeline for major past events such as large asset sales and restructuring) to a high of 3.90 (for the item indicating that stakeholders have sufficient ability to communicate their concerns to the board in case of suspected illegal practices). The remaining items also indicated agreement and had a high to medium (H-M) Relative Importance Index (RII). The overall mean score for this dimension was 3.628, with a high to medium (H-M) relative importance (RII), thus providing evidence for a high degree of corporate governance principles implementation according to the sample respondents. This further suggests that the Algerian family firms included in the study demonstrate a commitment to implementing corporate governance principles, with certain aspects being more rigorously applied than others, reflecting a growing awareness of the importance of these principles in the management of family businesses.

The second dimension (family governance structures) also showed a general tendency towards agreement among respondents. Four out of seven items (FGS2, FGS3, FGS4, FGS5) had mean scores ranging from 3.50 to 3.73, indicating a positive perception of family governance structures with H-M RII. Items FGS1, FGS6, and FGS7, however, had slightly lower mean scores between 3.21 and 3.33, falling within the neutral range on the 5-point Likert scale. Overall, the mean score for this dimension was 3.45, with a high-medium relative importance, suggesting a substantial presence of family governance structures in the studied family firms. This analysis indicates that Algerian family businesses largely adopt family governance structures, although variations exist in the level of implementation of specific structures. This may reflect the evolutionary stage of these enterprises in embracing more comprehensive governance practices, where the initial focus might be on general principles before the development of more detailed family-specific structures.

**Table 2** Descriptive Statistics

| Family business governance | Items/Dimension | Mean | Std. Deviation | RII |
|---|---|---|---|---|
| Corporate Governance Principles (CGP) | CGP1 | 3.64 | .88215 | .728 (H-M) |
| | CGP2 | 3.70 | .95874 | .74 (H-M) |
| | CGP3 | 3.70 | .77198 | .74 (H-M) |
| | CGP4 | 3.73 | .76350 | .746 (H-M) |
| | CGP5 | 3.90 | .61134 | .78 (H-M) |
| | CGP6 | 3.47 | 1.00960 | .694 (H-M) |
| | CGP7 | 3.49 | 1.14146 | .698 (H-M) |
| | CGP8 | 3.52 | .98964 | .704 (H-M) |
| | CGP9 | 3.42 | .93398 | .684 (H-M) |
| | Overall (CGP) | 3.628 | .46277 | .7256 ( H-M) |
| Family Governance Structures (FGS) | FGS1 | 3.32 | .96274 | .664 (H-M) |
| | FGS2 | 3.50 | .89330 | .70 (H-M) |
| | FGS3 | 3.56 | .87985 | .712 (H-M) |
| | FGS4 | 3.73 | .80221 | .746 (H-M) |
| | FGS5 | 3.50 | .82266 | .70 (H-M) |
| | FGS6 | 3.33 | .85345 | .666 (H-M) |
| | FGS7 | 3.21 | .80773 | .642 |
| | Overall (FGS) | 3.45 | .62067 | .69 (H-M) |

*Source*: SPSS v.25 outputs

These findings can be further supported by the t-test results presented in the table 3 below, where the first hypothesis was tested after being statistically formulated:

**H0**: Algerian family businesses under study do not adopt family business governance at a statistically significant level of ($P \leq 5\%$).

**H1**: Algerian family businesses under study adopt family business governance at a statistically significant level of ($P \leq 5\%$).

**Table 3** One Sample T-test

| One-Sample T-test | | | | | | |
|---|---|---|---|---|---|---|
| | Test Value = 3 | | | | | |
| | t | Df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | Lower | Upper |
| CGP | 13.570 | 99 | .000 | .62800 | .5362 | .7198 |
| FGS | 7.250 | 99 | .000 | .45000 | .3268 | .5732 |

*Source*: SPSS v.25 outputs

Table 3 reveals statistically significant findings ($p < 0.05$), thereby supporting the alternative hypothesis that the Algerian family businesses examined implement family business governance practices at a significant level ($p \leq 0.05$). This finding suggests that family governance is a deliberate attempt to establish institutional frameworks that manage family-business relations rather than being an incidental aspect of Algerian family businesses. Internal issues like succession planning, handling conflict, and upholding family values may drive such methods, especially as family businesses grow larger and more complex. These analyseis distinctly illustrate the diligence of the Algerian family businesses under study in implementing the two dimensions of corporate governance.

The next step involves investigating whether there are statistically significant differences in respondents' answers based on their educational attainment, professional experience, and job title. A one-way ANOVA test was employed for this analysis.

The second hypothesis is composed of the following three sub-hypotheses:

The first sub-hypothesis (Table 4):

**H0**: The level of family business governance implementation did not exhibit statistically significant variation attributable to job title ($p \leq 0.05$).

**H1**: There are statistically significant differences in the level of family business governance implementation attributable to the job title ($p \leq 5\%$).

**Table 4** Differences in family business governance based on Job Title

| ANOVA | | | | | |
|---|---|---|---|---|---|
| Family Business Governance | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 2.821 | 5 | .564 | .862 | .511 |
| Within Groups | 47.774 | 73 | .654 | | |
| Total | 50.596 | 78 | | | |

*Source*: SPSS v.25 outputs

The findings in Table 4 above demonstrate a probability value of 0.511, surpassing the conventionally accepted critical value of 0.05. Thus, the null hypothesis is not rejected, concluding that job title does not constitute a statistically significant determinant of the level of family business governance implementation ($p \leq 0.05$).These results demonstrate a relatively consistent level of agreement or implementation of family corporate governance practices among the different job title groups within the sample. This consistency is likely attributable to a shared and comprehensive awareness among all respondents, notwithstanding their varying professional designations, concerning the importance of family corporate governance and the need for its effective application, possibly driven by internal communication protocols, training interventions, or a general corporate emphasis on these principles.

The second sub-hypothesis (Table5):

**H0**: The level of family business governance implementation did not exhibit statistically significant variation attributable to educational attainment ($p \leq 0.05$).

**H1**: There are statistically significant differences in the level of family business governance implementation attributable to the educational attainment ($p \leq 5\%$).

**Table 5** Differences in family business governance based on educational attainment

| ANOVA | | | | | |
|---|---|---|---|---|---|
| Family Business Governance | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 6.495 | 5 | 1.299 | 1.729 | .136 |
| Within Groups | 67.620 | 90 | .751 | | |
| Total | 74.115 | 95 | | | |

*Source*: SPSS v.25 outputs

The findings in the table 5 above reveal a p-value of 0.136, which exceeds the conventional significance level of 0.05. Consequently, the null hypothesis is accepted, suggesting no statistically significant differences in responses (family business governance) among middle and upper-level management employees in family businesses attributable to their educational attainment. This indicates a relative homogeneity in the perceived or actual level of family business governance practices among the various respondent groups, notwithstanding differences in their educational backgrounds.

The third sub-hypothesis (Table6):

H0: The level of family business governance implementation did not exhibit statistically significant variation attributable to professional experience ($p \leq 0.05$).

H1: There are statistically significant differences in the level of family business governance implementation attributable to the professional experience ($p \leq 5\%$).

**Table 6** Differences in family business governance based on professional experience

| ANOVA | | | | | |
|---|---|---|---|---|---|
| Sustainable Development | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 7.899 | 4 | 1.975 | 2.798 | .030 |
| Within Groups | 66.347 | 94 | .706 | | |
| Total | 74.246 | 98 | | | |

*Source*: SPSS v.25 outputs

The table 6 above indicates a statistical significance value (Sig) of 0.03, which is below the 0.05 threshold, leading to the rejection of the null hypothesis. This suggests the presence of statistically significant differences in the level of family business governance implementation among family businesses under study, attributable to the professional experience. This indicates that the level of agreement or implementation of family corporate governance practices varies significantly among the different groups of the sample based on their varying professional experiences, as the latter plays a crucial role in how individuals in the sample perceive or apply family corporate governance practices.

## 5. DISCUSSION

The findings indicate that family corporate governance is implemented across its two dimensions (corporate governance principles and family governance structures). Consequently, the Algerian family firms under study apply family corporate governance practices. The adoption of these practices by the studied firms can be explained on two levels. The first relates to the implementation of corporate governance principles driven by internal factors designed to enhance company performance. For example, having a board of directors that oversees company operations, manages relationships with stakeholders, and establishes strong internal control systems plays a crucial role in strengthening governance. A competent and independent board of directors also contributes to building an effective governance framework, and in this context, the current study aligns with the studies of both Withers & Hillman.(2008) and Madhani. (2019), which demonstrated that the presence of a responsible board of directors protects the interests of investors and enables shareholders to monitor management, ensuring accountability and alignment with investors' priorities. Other principles such as transparency are driven by stakeholder and Board pressures to safeguard stakeholder rights and comply with regulatory authorities, as its implementation positively reflects on the company, enhances its reputation, and benefits all associated parties.This interpretation aligns with Castrillón. (2021), who indicated that the adoption and implementation of corporate governance becomes beneficial for firm, owners and stakeholders, this is especially crucial when procedures focused on disclosure and transparency are adopted. The second level relates to the high degree of implementation of family governance structures. This can be attributed to family firms' emphasis on ensuring continuity and sustainability. Structures such as succession planning, clear vision and strategy, and formal governance mechanisms positively influence the longevity of family businesses. More specifically, the rationale behind adopting these mechanisms can be explained by their positive impact on firm performance and family, particularly the strengthening of relationships between family members and company employees, and the mitigation of conflict. This argument is clearly supported by the studies of (Arteaga Pérez, 2021), (Pu et al., 2022), Deferne et al.(2023) , and (Camisón-Zornoza et al., 2020). This is undoubtedly the main motivation behind implementing family governance structures.

Conversely, the ANOVA test revealed no statistically significant differences in the implementation level of family corporate governance practices based on educational level or job title. This can be explained by two main factors: 1) Sample Characteristics: The participants in the study held high academic qualifications and occupied similar administrative roles, resulting in a shared understanding of family corporate governance principles. 2) Organizational Culture: The companies' culture, where family priorities and collective decision-making often overshadow individual differences such as job titles or educational backgrounds. However, statistically significant differences were found in the implementation level of family corporate governance practices based on work experience. This can be interpreted by the fact that more experienced individuals possess greater awareness and commitment to applying these practices. Their exposure to past managerial and legal challenges likely compelled them to adhere to governance frameworks as a means of mitigating risks and ensuring compliance.

In light of the preceding analysis, the results of the present investigation are substantially convergent with prior scholarly work, which has consistently demonstrated a significant propensity among family firms to adopt both corporate governance principles and family governance structures, and this inclination to implement family corporate governance is precisely to ensure the company's continuity and sustainability on one hand, and the inheritance of succession among the owning family members from one generation to the next on the other hand.

## 6. CONCLUSION

This paper examined the level of implementation of family corporate governance across its two dimensions (corporate governance principles and family governance structures) in Algeria. This was accomplished through a survey-based study utilizing a questionnaire, which was conducted across 22 family businesses in Algeria. Additionally, the study explored whether statistically significant differences exist in the level of implementation of family corporate governance based on job title, educational level, and work experience. The findings revealed that both corporate governance principles and family governance structures are implemented in the studied firms. Furthermore, no statistically significant differences were found in the level of implementation attributable to job title or educational level. However, significant differences were observed based on work experience.

This research is considered one of the pioneering efforts to empirically explore the state of family corporate governance in Algeria. Few studies have addressed a similar topic in the Algerian context, making this research a foundational contribution that can expand future scientific inquiry in this field and serve as a starting point for subsequent studies.

Practically, family business owners and decision-makers can leverage the findings of this research in several ways: first, establishing independent boards of directors: family firms that lack a board of directors may consider forming an independent board to enhance transparency and attract investors. Second, adopting family governance structures: such firms could implement formal family governance frameworks to develop succession policies and ensure the smooth transfer of ownership across successive generations. Third, cross-country comparisons: the study's results can be compared with findings on the implementation of family corporate governance in other countries (e.g., African or Arab nations) to identify regional best practices and gaps. Fourth, knowledge management systems: family firms can use the study's insights to create internal knowledge management systems, ensuring the transfer of expertise from experienced individuals to newer generations.

One of the limitations of the study is its relatively small sample size. Therefore, future research could expand the sample size and potentially combine both questionnaires and interviews to achieve more accurate results. For instance, conducting interviews with owners of leading family businesses in Algeria could provide detailed insights into the actual implementation of family corporate governance practices within these firms.

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## Appendix

**Table 8** Questionnaire Form

| Items | Corporate Governance Principles (CGP) |
|---|---|
| CGP1 | The business has a board of directors that forms the committees derived from it, defines their tasks, duration of work, and the various powers granted to them. |
| CGP2 | Members of the board of directors enjoy independence, as they carry out their duties without any pressure, with neutrality, and with high ethical standards. |
| CGP3 | The board of directors oversees the activities of the executive management in the company. |
| CGP4 | The board of directors establishes a policy to regulate its relationship with stakeholders (shareholders, lenders, suppliers, customers, etc.) to ensure the company's continuity. |
| CGP5 | Stakeholders have sufficient ability to communicate their concerns to the board of directors in case they fear illegal practices. |
| CGP6 | Stakeholders receive appropriate compensation if their rights are violated. |
| CGP7 | Among the members of the board of directors, there is at least one member from outside the family. |
| CGP8 | The company's reports and financial statements are published and made available to all owners, management members, and stakeholders. |
| CGP9 | The company has a timeline of key operations that have occurred over the past 5 years, such as the sale of large assets and restructuring. |
| Items | Family Governance Structures (FGS) |
| FGS1 | The firm has a family constitution that outlines the mission, vision, and values of the company. |
| FGS2 | The owning family holds informal meetings outside the official framework of the company to address important issues such as succession planning. |
| FGS3 | The company has a strategic plan regarding the transfer of ownership to future generations. |
| FGS4 | The business is keen on training and developing the skills of the members of the owning family. |
| FGS5 | The company has a family council composed of several family members that monitors the company's activities, guides the relationship between the company and the family, and resolves family disputes. |
| FGS6 | The company has a family office that focuses on managing the family wealth and addresses personal and economic risks facing the company. |
| FGS7 | The company has a family assembly that elects members of the family council and is responsible for determining employment and compensation policies for family members. |

*Source*: Authors

# MEHANIZMI KORPORATIVNOG UPRAVLJANJA KOD PORODIČNIH FIRMI U ZAPADNOM ALŽIRU: ANALIZA ISTRAŽIVAČKOG UZORKA ZASNOVANA NA UPITNIKU

*Ovo istraživanje je imalo za cilj da istraži stepen do kog se primenjuju mehanizmi upravljaja u alžirskim porodičnim firmama. Fokusirali smo se na dva aspekta upravljanja: prvi se ticao poslovnog upravljanja, a drugi struktura porodičnog upravljanja. Ovo je urađeno korišćenjem kvantitativne metodologije na uzorku alžirskih porodičnih firmi lociranih u zapadnom delu zemlje, koji se sastojao od 22 firme, sa 100 upitnika prikupljenih od učesnika koji predstavljaju top i srednji menadžment u ovim kompanijama. Rezultati pokazuju da se u ovim kompanijama primenjuju oba mehanizma upravljanja (poslovno i porodično). Osim toga, zaključeno je da nema razlika u primeni struktura upravljanja u ovim kompanijama koji se mogu pripisati nazivu radnog mesta ili obrazovnim postignućima. Međutim, utvrđeno je da su razlike u primeni povezane sa profesionalnim iskustvom.*

Ključne reči: *poslovno upravljanje, strukture porodičnog upravljanja, alžirska porodična preduzeća*