

# Say-on-Pay voting dispersion in listed family and non-family firms: A panel data analysis

Gabriel Lozano-Reina<sup>a,\*</sup>, Gregorio Sánchez-Marín<sup>b</sup>, J. Samuel Baixauli-Soler<sup>a</sup>

<sup>a</sup> Department of Management and Finance, Faculty of Economics and Business, University of Murcia, Spain

<sup>b</sup> Department of Economics and Business, Faculty of Economics, Business and Tourism, University of Alcalá, Spain

## ARTICLE INFO

### Keywords:

Say-on-Pay  
Voting dispersion  
Executive compensation  
Family vs. non-family firms  
Family involvement

## ABSTRACT

The study of Say-on-Pay (SOP) – a shareholder vote on executive compensation – is a key topic in the corporate governance field, despite which its influence in the context of family firms has not been studied until now. In response to this need, this paper pursues a twofold objective: first, to analyze differences in shareholder voting behavior between family and non-family firms; second, to explore the impact of increasing family ownership on voting dispersion among family firms, testing the related moderating effects of family involvement in management and governance on this relationship. Focusing on a sample of large UK listed companies from 2007–2017, our results show that the distinctive features of family firms lead to more concentrated voting positions regarding pay packages compared to non-family firms, with this voting concentration tending to be higher as family ownership increases. Moreover, while this relationship intensifies when the family is involved in management, we find partial support in the case of family involvement in governance.

## 1. Introduction

Amongst the pay structures that align executive behavior with owner interests, executive compensation is one of the primary governance mechanisms designed to reduce potential agency problems (Gomez-Mejia, Nunez-Nickel, & Gutierrez, 2001; Jensen & Meckling, 1976). Empirical research has, however, provided little evidence regarding its effectiveness (Murphy, 2013), bearing in mind how often it is used to extract private benefits, even in the specific setting of family firms (Cruz, Gomez-Mejia, & Becerra, 2010; Sánchez-Marín, Carrasco-Hernández, & Danvila-del-Valle, 2020; Tiscini & Raoli, 2013). In this context, Say-on-Pay (SOP), a voting system whereby shareholders in listed firms express their views (positive, negative or neutral) on executive pay at the annual general meeting (Hooghiemstra, Kuang, & Qin, 2015; Lozano-Reina & Sánchez-Marín, 2020; Stathopoulos & Voulgaris, 2016), has become a complementary governance mechanism that increases shareholder influence, potentially improving co-responsibility and transparency concerning executive pay decisions (Alissa, 2015; Conyon & Sadler, 2010; Correa & Le, 2016; Ferri & Maber, 2013; Kimbro & Xu, 2016; Sánchez-Marín, Lozano-Reina, Baixauli-Soler, & Lucas-Pérez, 2017).

Bearing in mind that family ownership is a relatively common

phenomenon in globally listed companies (La Porta, Lopez-De-Silanes, & Shleifer, 1999; Poutziouris, Savva, & Hadjielias, 2015), extending the study of SOP voting to an unexplored context – such as the family firm one – is of special relevance. This is due to the fact that SOP can positively contribute to family firm governance by reducing inter- and intra-family agency conflicts as well as by promoting social cohesion and a shared vision in decision-making (Mustakallio, Autio, & Zahra, 2002). In order to test this, we consider shareholders' degree of SOP voting dispersion – which reflects shareholder tendency to concentrate or disperse their SOP voting positions towards a certain common stance (favorable or unfavorable) –, since this ultimately reflects the intensity of agency conflicts in family firms regarding the prevalence of homogeneous/collectivist positions vs. heterogeneous/individualist preferences (Davis, Schoorman, & Donaldson, 1997; Schulze, Lubatkin, Dino, & Buchholtz, 2001). In an effort to gain further insights into shareholders' voting behavior – as a key SOP determining factor – and considering the family firm context, this paper pursues a twofold objective: first, to compare the degree of voting dispersion between family and non-family firms; and second, by moving to a within-family firm analysis, to test how family ownership levels, as well as the degree of family involvement in management and governance, affect voting dispersion – considering that family heterogeneity might lead to

\* Corresponding author.

E-mail addresses: [gabriel.lozano@um.es](mailto:gabriel.lozano@um.es) (G. Lozano-Reina), [gregorio.sanchez@uah.es](mailto:gregorio.sanchez@uah.es) (G. Sánchez-Marín), [samuel@um.es](mailto:samuel@um.es) (J.S. Baixauli-Soler).

variations in corporate governance decision-making (Soleimanof, Rutherford, & Webb, 2018). This responds to recent calls in SOP literature that advocate examining this particular context as well as the effect of the presence of family versus non-family owners (Lozano-Reina & Sánchez-Marín, 2020).

Based on agency and stewardship arguments, governance idiosyncrasies in family firms (Baek & Fazio, 2015; Bartholomeusz & Tanewski, 2006; Kumar & Zattoni, 2016; Mazur & Wu, 2016; Saravanan, Srikanth, & Avabruth, 2017) are expected to translate into differences in shareholder voting behavior between family and non-family companies. While shareholder consensus (reaching a common vision) within non-family firms is expected to be less frequent due to greater divergence of interests, the formation of homogeneous opinions is more likely in family companies, since family shareholders feel emotionally attached to each other through interpersonal interactions, common goals, and a common history (Bingham, Dyer, Smith, & Adams, 2011; Heino, Tuominenb, & Jussila, 2020; Kallmuenzer, Hora, & Peters, 2018).

Moreover, among family firms, the likelihood of voting en bloc (by reducing SOP voting dispersion) is expected to grow as the proportion of family ownership – and the level of power and influence to protect family interests – increases (Achleitner, Kaserer, & Kauf, 2012; Le Breton-Miller, Miller, & Lester, 2011). In addition to being influenced by the degree of family ownership within family firms, family heterogeneity also depends on family involvement in management and governance. As family members become increasingly involved in management and governance, the pursuit of family interests becomes more important, and emotional and family ties grow stronger (Chrisman, Chua, Pearson, & Barnett, 2012; Sciascia, Mazzola, Astrachan, & Pieper, 2013; Stavrou, Kassinis, & Filotheou, 2007). The likelihood of aligning firms' interests with family interests is thus accentuated (Chu, 2011). In this sense, the relationship between family ownership and SOP voting dispersion is expected to be stronger as the family becomes more involved in management and governance.

This paper seeks to address these two goals by focusing on a sample of large UK listed companies (specifically, 1,952 firm-year observations) from 2007–2017 and using a GLS panel data random effects estimator, clustered on the firm identifier. The UK provides a particularly important context since its corporate governance system follows a comply-or-explain approach (Conyon & Sadler, 2010; Correa & Le, 2016), allowing companies to adapt (or not) governance requirements with greater freedom. In addition, the UK provides an interesting scenario in which to analyze how changes in SOP legislation (from advisory to binding) can influence voting dispersion in family firms.

Our study contributes to SOP and family-related literature in three main ways. First, by examining SOP as a prominent corporate governance mechanism, this paper explores, for the first time to the best of our knowledge, the role played by family firms (compared to non-family firms) in SOP voting dispersion, thereby expanding the scarce current knowledge concerning shareholder reaction to executive compensation design and how this emerging governance mechanism functions in this key governance context (Lozano-Reina & Sánchez-Marín, 2020). This provides clarification on SOP determining factors, emphasizing how certain innovative governance mechanisms (in our case, SOP) operate differently between family and non-family firms. Second, by specifically analyzing how family firms and, in particular, family ownership influence shareholder behavior in SOP voting, this study contributes by enhancing current understanding of how family ties, values, and culture might influence the formation of homogeneous opinions or blocs when shareholders cast their votes on executive compensation, and which tends to reduce intrafamily conflicts. This highlights the role of voting ownership as an essential mechanism used by families to protect their interests in large listed companies in which family and non-family shareholders coexist (Achleitner et al., 2012; Anderson & Reeb, 2003; Villalonga & Amit, 2009) by underpinning the key role family owners play in preserving family control and wealth. Third, by testing how

different degrees of family involvement in management and governance reinforce the impact of family ownership on voting dispersion, this paper contributes to the debate on how family firm heterogeneity can lead to variations in corporate governance decision-making (Achleitner et al., 2012; Soleimanof et al., 2018). This proves relevant since family firms should not be considered as a homogeneous entity, given that their heterogeneity (resulting from the different degree of family involvement) is what specifically affects SOP functioning.

The paper is organized as follows. The next section contains the theoretical framework and hypotheses related to SOP voting dispersion by distinguishing between family and non-family firms, and later by moving on to a family firm analysis. In the methodology section, the sample, data and variables are described, together with the models and analyses used. Results are shown in the fourth section, and finally, the conclusions and discussion are provided.

## 2. Theoretical framework and hypotheses

### 2.1. SOP voting dispersion in family versus non-family firms

Agency theory (Jensen & Meckling, 1976) constitutes an appropriate framework for studying pay design and other corporate governance mechanisms – such as SOP – whose purpose is to reduce the agency conflicts inherent in any organization (Lozano-Reina & Sánchez-Marín, 2020; Stathopoulos & Voulgaris, 2016). The origin of these agency conflicts differs between family and non-family firms (Gomez-Mejia et al., 2001; Gomez-Mejia, Larrazza-Kintana, & Makri, 2003). In non-family firms, agency costs clearly result from the separation between ownership and management, which implies the need to establish corrective mechanisms that bring together the interests of principals and agents. Information asymmetries and self-interest are less evident in family firms because of the altruism among family members (Schulze et al., 2001; Schulze, Lubatkin, & Dino, 2003), which ultimately increases their commitment and loyalty (Gomez-Mejia et al., 2003; Sánchez-Marín et al., 2020). Thus, in family firms, although the separation between ownership and management is much more diffuse, agency relationships are influenced by family ties where family control causes certain agency conflicts linked to the degree of family involvement (in ownership, management, and governance) (Catuogno, Arena, Cirillo, & Pennacchio, 2018; Tiscini & Raoli, 2013). More specifically, agency conflicts in family firms might be related to the entrenchment problem caused by the overlap between owners and managers, the coexistence of family and non-family managers, the expropriation of minority shareholders, the conflict of interest between owners and lenders, and asymmetric altruism (Songini & Gnan, 2015).

These differences in agency conflicts have implications regarding how executive compensation is monitored, which may ultimately affect shareholder behavior in SOP voting. Specifically, while instrumental compensation monitoring (based on economic incentives and accountability results) is to be expected in non-family firms, family shareholders are prone to exert affective compensation monitoring (based on emotional incentives and welfare issues) within family businesses (Sánchez-Marín et al., 2020). Through this affective monitoring, family owners increase their desire to maintain *firm familiness* – influenced by strong personal and emotional attachment, identification, and commitment (Anderson & Reeb, 2003; Gomez-Mejia, Makri, & Larrazza Kintana, 2010). This is consistent with stewardship arguments (Davis et al., 1997) regarding how family members – by acting as stewards – are often more intrinsically motivated than their peers by higher-level needs, which entails acting in the general interest of their businesses (by even behaving altruistically for the benefit of shareholders) (Block, 2010; Chu, 2011; Miller, Le Breton-Miller, & Lester, 2011).

The relational contract (between firm and family) implies a common commitment and a set of expectations based on sentiments, ties, and emotions (Gomez-Mejia et al., 2001), and where family responsibility, trust, and commitment are particularly evident. Family members are

thus more committed to and identify more closely with their firms than non-family members do, with family ownership forging the foundations of family business culture and governance (Chrisman et al., 2012; Stavrou et al., 2007). In contrast to non-family members, family owners often have much at stake within these companies (e.g., their reputation, relationships between family members, their invested wealth) and there is a close connection between the family and the firm (Sciascia et al., 2013). Due to their family and emotional ties, communication and cooperation within family firms are also accentuated (Catuogno et al., 2018), which implies a greater likelihood of adopting a collectivist approach to governance issues when voting. This collectivist orientation is expected to translate into voting agreements – which are formal agreements that intensify the influence of family ownership concentration –, wherein family shareholders pool their voting rights by removing the wedge between the ratio of votes controlled and the ratio of votes owned (Villalonga & Amit, 2009).

In this way, a shared vision often involves family shareholders' collective ideas about the company's progress, where these family members subordinate their goals to collective goals (Mustakallio et al., 2002). Therefore, the formation of voting blocs among family firms is common, implying the existence of homogeneous voting positions – in contrast to non-family firms where the formation of voting agreements is more difficult, given that there are fewer family and emotional ties (Azizian & Ameer, 2012; Villalonga & Amit, 2009). Based on the above arguments, we consider that family firms tend to follow a greater collectivist orientation when casting their vote compared to non-family firms, such that lower dispersion in SOP results may be expected. Thus, the first hypothesis is stated as follows:

**H1.** SOP voting dispersion is lower in family firms compared to non-family firms.

## 2.2. SOP voting dispersion and family ownership

Family ownership plays an important role in large firms worldwide (La Porta et al., 1999; Maury, 2006). Although the common denominator of these businesses is often their high degree of ownership concentration (Aguilera & Crespi-Cladera, 2012), not all family firms have the same incentives to preserve their control, since this depends on the mode and extent of the family's influence in the organization (Achleitner et al., 2012; Garcia-Castro & Aguilera, 2014; Villalonga & Amit, 2009). Since the proportion of family ownership among family firms strongly affects their governance and strategic decision-making (De Massis, Kotlar, Campopiano, & Cassia, 2013; Eddleston, Otondo, & Kellermanns, 2008; Goel, He, & Karri, 2011), identifying and considering their ownership heterogeneities among family firms may shed light on some of the prior conflicting evidence to emerge concerning SOP-related literature (Stathopoulos & Voulgaris, 2016).

Implementing SOP voting – as an appropriate mechanism for monitoring executive pay (Alissa, 2015; Brunarski, Campbell, & Harman, 2015; Kimbro & Xu, 2016) – combined with family involvement in ownership seeks to reduce agency problems within family firms (Poutziouris et al., 2015; Songini & Gnan, 2015). As family ownership increases, family owners are more prone to increase monitoring and supervision tasks in order to preserve family wealth and identity (Sciascia, Mazzola, & Kellermanns, 2014). This translates into affective compensation monitoring, in which the pursuit of family interests intensifies as family values, heritage, culture, and ties increase (Sánchez-Marín et al., 2020). This pursuit of family interest thus tends to encourage homogeneous agreements by intensifying the adoption of a common stance as family ownership increases. This potential concentration of SOP voting positions among families favors the likelihood of focusing on longer-term goals and on promoting stewardship behaviors (Le Breton-Miller et al., 2011).

Thus, adopting a shared vision in decision-making among family firms tends to be more common as family ownership increases – where

voting based on family ownership is seen as a means for families to exert strong control and influence over corporate decisions (Aguilera & Crespi-Cladera, 2012; de Castro, Aguilera, & Crespi-Cladera, 2017) including those concerning the design of pay packages (Gomez-Mejia et al., 2003). This is also fostered by the pursuit of a family-based brand identity, which is promoted in these firms due to the reputational concerns that characterize them (Pindado & Requejo, 2015). In sum, the likelihood of following homogeneous behaviors in SOP voting is strongly influenced by the degree of family ownership that exists within family firms, by reducing voting dispersion, as stated in this second hypothesis:

**H2.** SOP voting dispersion decreases as family ownership among family firms increases.

## 2.3. SOP voting dispersion and the moderating role of family involvement in management and governance

In addition to relying on family ownership, the degree of family involvement is related to the presence of family members in management – as managers – and governance – as members of the board of directors – (Barontini & Bozzi, 2018; Nordqvist, Sharma, & Chirico, 2014; Songini & Gnan, 2015). The greater the role of the family in the management and governance of the firm, the more likely the firm is to strive to preserve family control (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Family member propensity to participate in the firm's management and governance are positively related to family loyalty and reputation (Songini & Gnan, 2015), which also emphasizes family values (Chrisman et al., 2012; Stavrou et al., 2007). In this sense, when a family is involved to a greater extent, the pursuit of family goals and interests becomes more important, and emotional and family ties prove crucial in decision-making (Gomez-Mejia et al., 2007).

Whereas the degree of family involvement in management decreases principal-agent conflicts and accentuates the agency costs inherent in family businesses, family involvement in governance affects the functions attributable to boards as a traditional governance mechanism (Songini & Gnan, 2015). Among agency cost control mechanisms, SOP voting can be considered as a prominent instrument as it allows shareholders to express their views on executive compensation (Armstrong, Gow, & Larcker, 2013; Gregory-Smith, Thompson, & Wright, 2014). SOP may also be an effective mechanism within a family firm context where there is a particular need to implement governance structures that promote a shared family vision and cohesion (Mustakallio et al., 2002) whilst also curbing intrafamily conflicts. The specific common SOP voting behavior followed by family shareholders is influenced by their intrinsic motivational aspects, where family identification or goal alignment will increase as the degree of family involvement grows (Achleitner et al., 2012).

In this vein, we state that SOP voting agreements, in addition to being directly influenced by family ownership, are indirectly determined by the moderating effects of family involvement in management and governance (Sievinen, Ikaheimonen, & Pihkala, 2020), all of which are influenced by the family's struggle to preserve its control. This is also affected by strong monitoring and control tasks exerted by family members (based on emotional incentives and welfare issues) due to the large share of their wealth they have invested in the firm (Boubaker, Nguyen, & Rouatbi, 2016; Sánchez-Marín et al., 2020).

First, family involvement in management (either through a family CEO or family members holding top management positions) promotes active business management by enhancing the impact of family ownership (Chu, 2011; Sánchez-Marín et al., 2020). Family members serving as CEOs and/or managers are usually large shareholders who are actively involved in managing their firms and who have more direct control over business policies (Catuogno et al., 2018). As family becomes more involved in management, there is greater interaction between shareholders and the owning family (Pittino, Visintin, Lenger, &

Sternad, 2016), which encourages goal alignment between owners and managers (Poutziouris et al., 2015). This situation makes the impact of family ownership on shareholder behaviors in SOP voting stronger by promoting more coordinated positions on executive pay decisions. In addition, the authority to commit shareholders without the need for formal or written agreements is accentuated as family involvement levels in management increase (Naldi, Cennamo, Corbetta, & Gomez-Mejia, 2013), which fosters even further the concentration of SOP voting towards a common stance. This emphasizes the affective compensation monitoring characteristic of family-controlled firms, since family CEOs and family managers encourage a common identity and a stronger “family vision” within the business – which is greatly influenced by strong family ties, reference to a common family history or the shared family name (Barnett, Long, & Marler, 2012).

Moreover, although management positions provide family members with greater power to exercise greater discretion when influencing corporate decisions (Baixauli-Soler, Lozano-Reina, & Sánchez-Marín, 2020; Berrone, Cruz, & Gomez-Mejia, 2012; Feldman, Amit, & Villalonga, 2016; Mullins, 2018), their decision-making is often geared towards preserving family wealth and control since family managers tend to act as stewards – by subordinating personal goals to family goals (Miller & Le Breton-Miller, 2006; Poutziouris et al., 2015). In this way, the tendency to favor the sharing of common visions and objectives will be stronger when family members increase their involvement in the firm’s management (Davis et al., 1997; Songini & Gnan, 2015) – where family CEOs or managers will identify closely with the firm by seeing it as an extension of themselves (Chu, 2011). They therefore forge common identities and interests and often play a dual role by being both owner and manager (Anderson & Reeb, 2003; Berrone, Cruz, Gomez-Mejia, & Larrazza-Kintana, 2010; Jiang & Peng, 2011). Based on this, when there is substantial family involvement in management (through the presence of a family member who holds a CEO or managerial position), we expect the influence of family ownership vis-à-vis reducing SOP voting dispersion to grow. The third a) hypothesis is thus stated as follows:

**H3a.** The negative effect of family ownership on SOP voting dispersion among family firms is stronger as family involvement in management increases.

Second, family involvement in governance is often manifested through the presence of the family on the board of directors (Cruz, Larrazza-Kintana, Garcés-Galdeano, & Berrone, 2014; Gomez-Mejia et al., 2010; Vandemaele & Vancauteran, 2015), where board representation is an important means through which the family exerts its control (Martin, Campbell, & Gomez-Mejia, 2016; Poutziouris et al., 2015), intensifying the effect resulting from family ownership. Control exerted through board monitoring implies greater family power, promotes family commitment, and facilitates pro-organizational behaviors (Kraiczy, Hack, & Kellermanns, 2015; Sciascia et al., 2014). Firms with family-dominated boards would therefore be more inclined to avoid strategic decisions that might threaten family socioemotional wealth (de Castro et al., 2017; Gomez-Mejia, Cruz, Berrone, & De Castro, 2011), while at the same time favoring family interests as well as any legitimate strategic decisions geared towards improving them (Vandemaele & Vancauteran, 2015).

Boards serve as a way to counteract agency conflicts, and their activism in monitoring managers mostly depends on directors’ incentives to supervise (Songini & Gnan, 2015). In family firms, these incentives are linked to affective monitoring, which intensifies as family involvement levels in governance increase. In this way, when the proportion of family members on boards is higher, family influence is more stable, family ties are increased (Achleitner et al., 2012), and stewardship behaviors prove easier (Kraiczy et al., 2015). This context leads family members on boards to emphasize their family identification and commitment (Block, 2010; Chu, 2011) by intensifying like-minded voting positions promoted by family ownership. We thus suggest that,

when there is high family involvement in governance (through family representation on the board), the influence of family ownership vis-à-vis adopting a single common position on SOP voting will be strong, which reduces voting dispersion even further. Thus, the third b) hypothesis is stated as follows:

**H3b.** The negative effect of family ownership on SOP voting dispersion among family firms is stronger as family involvement in governance increases.

### 3. Methodology

#### 3.1. Sample and data

This study focuses on large UK listed companies. The UK, which is representative of the Anglo-American model of corporate governance, provides a particularly important context for three main reasons. First, the UK was the first country to implement SOP-related legislation. It is therefore possible to study shareholder behavior in SOP voting regarding executive compensation design using a longer time horizon (as more data are available than in other contexts). In this sense, unlike other countries, the UK has long-running experience in this voting process, thus making it an ideal context in which to examine how it works. Second, the UK has seen significant movement towards reducing excessive and misaligned executive compensation. The recommendations contained in the Cadbury Code (1992) and the Greenbury Report (1995) are particularly worthy of mention, and constitute the basis for implementing SOP-related legislation (initially as an advisory vote and later as a binding vote) as well as for formulating many of the codes from the Financial Reporting Council (FRC)<sup>1</sup> and the London Stock Exchange. These codes include most of the current UK requirements for compensation (e.g., disclosure of executive compensation data, shareholder accountability through SOP voting, transparency through clearer reporting, or performance-related earnings). Third, the UK follows a comply-or-explain approach, which promotes the implementation of best corporate governance practices (“comply”). When a company wishes to deviate from these practices and recommendations, it must explain and justify why (“explain”) (Conyon & Sadler, 2010). By mandating organizations to hold an annual vote on executive compensation, SOP affects the comply-or-explain approach and the role played by the board of directors in establishing such pay policies (Correa & Lel, 2016), forcing companies to take this vote. When this vote was advisory (before 2013), firms were able to deviate from the SOP results obtained by explaining or justifying their position to shareholders. However, this voting became legally binding as of 2013, and since then companies have had to take into account the results obtained.

Five main sources of information are used to collect data on SOP, family firms, the different degrees of family involvement, and the control variables: *Manifest Ltd*, an independent shareholder voting and corporate governance support service, is used to collect data on SOP. *NRG Metrics*, an integrated corporate governance and ownership database, provides data on family firms. *BoardEx*, a database that contains biographical data on most board members and senior executives around the world, provides data on corporate governance and compensation. *Worldscope* and *DataStream*, databases which offer fundamental data on the world’s leading public and private companies, provide information about economic and financial variables.

Initially, our sample comprised 7,809 firm-year observations when we considered SOP data extracted from *Manifest Ltd* and collected economic-financial variables from *Worldscope* and *DataStream*. After

<sup>1</sup> The Financial Reporting Council (FRC) is the agency responsible for regulating auditors, accountants and actuaries, and for setting the UK’s Corporate Governance and Stewardship Codes. This agency promotes transparency and integrity in business.

merging this data with the *NRG Metrics* database (in order to add the variables concerning family firm and corporate governance), our sample consisted of 2,702 firm-year observations. Compensation data (extracted from *BoardEx*) was then added, resulting in 2,257 firm-year observations. After matching and refining observations across these different databases (removing observations that omit relevant information, and limiting extreme values), our final sample comprised 1,952 firm-year observations (845 refer to family firms and 1,107 to non-family firms) from 2007–2017.

## 3.2. Variables

### 3.2.1. Voting dispersion

SOP-related literature has traditionally been based on the percentages of votes in favor, against, and abstentions out of the total as a measure of SOP results (Conyon & Sadler, 2010; Ferri & Maber, 2013; Hooghiemstra et al., 2015). These traditional measures show the “sense of the vote”, representing shareholder agreement or disagreement with regard to the pay policies established by the board of directors (by casting positive or dissenting votes). However, our study focuses on shareholders’ voting behavior – regarding their ability to concentrate or disperse the votes cast annually at the general shareholders’ meeting –, given that family features and particularities may tend to favor the formation of strong voting blocks. In this context, voting dispersion seeks to reflect whether or not there is consensus among shareholders themselves when casting their vote (i.e., whether voting decisions are similar or not among shareholders). This consensus is reached when shareholders overwhelmingly vote as a block towards a certain position (regardless of whether that voting decision is favorable or unfavorable).

In this way, we use the variance of SOP voting as an appropriate measure of dispersion since it measures whether shareholders’ votes are more concentrated or more dispersed. It thus proves useful for testing whether shareholders follow a collectivist orientation when voting. Specifically, we consider two possible values for SOP voting results by distinguishing between the two following events: (a) receiving a favorable vote; or (b) receiving a dissenting vote, which includes a negative vote or an abstention (Conyon & Sadler, 2010; Ferri & Maber, 2013; Hooghiemstra, Kuang, & Qin, 2017). Low voting dispersion (high voting concentration) occurs when shareholders vote as a block in the same direction (either for or against); while high voting dispersion (low voting concentration) occurs when some shareholders vote in one direction and others in another. Thus, the maximum value of the variance of SOP voting results occurs when a firm receives 50 % positive votes and 50 % dissent votes. Moreover, as SOP votes are concentrated either on the positive or the dissent side, the variance of SOP voting results will decrease. For their part, traditional measures related to the “sense of the vote” are not able to measure the high voting concentration when shareholders overwhelmingly vote as a block towards a dissenting position. In such cases, although the percentage of votes in favor will be low, voting concentration will be high.

### 3.2.2. Family firm

We use a dummy variable to distinguish between family and non-family firms. We consider a company to be a family business (this variable is set at 1) when the percentage of ownership in the hands of the family is at least 5 %. Otherwise, we consider a company to be a non-family firm if the percentage of ownership in the hands of the family is less than 5 % (this variable is set at 0) (Berrone et al., 2010; Chrisman & Patel, 2012; Gomez-Mejia, Patel, & Zellweger, 2018; Villalonga & Amit, 2006). The choice of this threshold is justified based on the previous literature. As stated by Gomez-Mejia et al. (2018, p. 1379) “the 5 % cut off should be interpreted in light of a long stream of research on the control of large traded firms [...] that use a 5 % ownership threshold as a conventional proxy for a principal’s capacity to exert a major influence over the firm’s affairs”. In a similar vein, this singular ownership of 5 % is an appropriate threshold because it allows the principal to have a

significant impact on a firm’s decision-making (Gomez-Mejia et al., 2010; Martin et al., 2016). In any case, in order to provide robustness to our results, we also use other family ownership thresholds (specifically, 10 % and 20 %), as reported in our result tables.

In order to assess “family”, the *NRG Metrics* database identifies any evidence of “family” in each company (e.g., founder, large shareholdings), and then double-checks business reports and board compositions. In particular, firms often report the family relationship in the footnotes below the shareholdings. Through this procedure, family members who do not have the same surname are identified (e.g., spouse, nephew, niece).

In addition to using this variable to test the first hypothesis (where a comparison between family and non-family firms is stated), this variable is also used to split our sample for those analyses which focus exclusively on a within-family firm analysis, where non-family businesses are excluded (i.e., hypotheses 2 and 3).

### 3.2.3. Family ownership

When our analysis focuses exclusively on family firm level, we use a continuous variable that measures family ownership, which represents a family’s ability to control the company (Chrisman & Patel, 2012; Gomez-Mejia et al., 2018; Patel & Chrisman, 2014). We apply a restriction by considering only businesses that own a minimum of 5 % of the firm’s shares (Berrone et al., 2010; Gomez-Mejia et al., 2010, 2018). In this sense, this family variable is left-truncated – i.e., it is only valid when family ownership stands at 5 % at the very least (Chrisman & Patel, 2012; Gomez-Mejia et al., 2018; Patel & Chrisman, 2014). This same restriction is also applicable when considering the 10 % and 20 % thresholds.

### 3.2.4. Family involvement in management

Following prior literature, two different measures are used to represent a family’s ability to impact organizations’ day-to-day management: first, the existence of a family CEO (“family management\_1”), which is equal to a dummy variable that differentiates between family CEOs and non-family CEOs. Specifically, this variable takes the value 1 when the CEO is a member of the family, and 0 otherwise (Naldi et al., 2013; Vandemaele & Vancauteren, 2015); second, we use a continuous variable that comprises the percentage of family ownership in a firm’s management team (“family management\_2”) (Sánchez-Marín et al., 2020; Sciascia et al., 2014).

### 3.2.5. Family involvement in governance

Stock ownership often translates into a board representation position; family owners are thus likely to have a seat on the board (Chu, 2011; Martin et al., 2016). This variable represents a family’s power through its representation on the board, and previous literature has used family representation within the board to measure it (Barontini & Bozzi, 2018; Gomez-Mejia et al., 2003; Jong & Ho, 2018; Sciascia et al., 2013). Therefore, we measure family involvement in governance through a continuous variable that comprises the percentage of ownership held by family members who hold a position on the board of directors (Jong & Ho, 2018; Sciascia et al., 2013; Zahra, 2003).

### 3.2.6. Control variables

We consider some factors which the literature has identified as variables that might influence shareholders’ voting results. Specifically: (1) *CEO compensation*, which is the sum of the salary (base annual pay in cash), bonus, other compensation (value of annual ad hoc cash payments such as relocation or fringe benefits awarded during the period), employers defined contribution (employers defined retirement / pension contribution), and the value of shares awarded. We use the natural logarithms of this variable to reduce heteroskedasticity (Armstrong et al., 2013; Kimbro & Xu, 2016). (2) *Firm size*, which is the natural logarithm of company net sales. (3) *Return on assets* (ROA), which is calculated as the ratio of the net income to the book value of the firm’s

total assets. (4) *Institutional ratio*, which is the total institutional ownership ratio in percentage terms of market capitalization (Alissa, 2015). (5) *Cash flow*, measured by free-cash flow scaled by the firm's market value in the period analyzed, where free cash flow is measured as cash inflows from operating (Balsam, Boone, Liu, & Yin, 2016; Burns & Minnick, 2013). (6) *Book-to-market ratio*, which is the book value of equity scaled by market capitalization. (7) *Leverage*, which equals the book value of total liabilities scaled by the firm's market value (Balsam et al., 2016). (8) Some board characteristics are controlled: (a) *board size*, which is measured through the number of board members (Conyon & Sadler, 2010); (b) *board independence*, which is the ratio of independent directors over the total number of directors on the board (Daily & Johnson, 1997; Zhou, Fan, An, & Zhong, 2017); and (c) *board ownership*, which is the percentage of ownership held by all board members. (9) Some compensation committee characteristics are also controlled: (a') *compensation committee size*, which is measured through the number of members in the compensation committee; and (b') *compensation committee meetings*, which is measured through the number of remuneration committee meetings held during the year. (10) *Share ownership concentration*, which is measured as the percentage of shares held by the largest shareholder (Conyon & Sadler, 2010).

### 3.3. Models and analyses

In order to facilitate improvements in our estimations and econometric specifications, this research uses a panel data method. This method examines the dynamics of cross-sectional populations and provides greater efficiency and more information than other methods (Balgati, 2001). In addition, it controls for unobservable heterogeneity (by including individual effects,  $n_i$ ), preventing biased results, since there are certain features that are difficult to measure, and which may affect CEO pay. Specifically, we estimate the following models using a GLS panel data random effects estimator clustered on the firm identifier (Greene, 2007), similar to Conyon and Sadler (2010). We previously performed the Hausman test. Based on its value, results showed that the random effect estimator was the appropriate test for our analysis.

Eq. (1) is developed in order to test Hypothesis 1, whose dependent variable is the dispersion in SOP voting, indicating shareholder capacity to establish voting agreements and to adopt a collectivist approach. The independent variables are the dummy variable that distinguishes between family and non-family firms, and control variables. We expect  $\beta_1$  to exert a significant and negative influence on the degree of SOP dispersion because this dispersion tends to be lower in family firms when compared to non-family firms. Specifically:

$$\text{Voting dispersion}_{it} = \beta_0 + \beta_1 \cdot \text{Family firm}_{it} + \beta_2 \cdot \text{Control variables}_{it} + n_i + d_t + e_{it} \quad (1)$$

Moreover, focusing exclusively on family firms, we use Eq. (2) to test the impact of family ownership on voting dispersion (Hypothesis 2). The dependent variable is again the dispersion in SOP voting, and the independent variables are family ownership (measured as a continuous variable), and control variables. We expect  $\beta_1$  to exert a significant and negative influence on the degree of SOP dispersion because voting dispersion tends to be lower as family ownership increases. Specifically:

$$\text{Voting dispersion}_{it} = \beta_0 + \beta_1 \cdot \text{Family ownership}_{it} + \beta_2 \cdot \text{Control variables}_{it} + n_i + d_t + e_{it} \quad (2)$$

Finally, we use Eq. (3) to test the moderating role of family involvement in management and governance (Hypotheses 3 a) and b)). Once again, we only focus on family firms. The dependent variable is the degree of SOP dispersion. The independent variables are family ownership, variables related to family involvement in management and family governance, interaction terms between family ownership and

family heterogeneity, and control variables. We expect  $\beta_1$  to have the same impact as in Hypothesis 2. In addition, we expect  $\beta_4$  and  $\beta_5$  to have a significant and negative moderating impact, since voting dispersion tends to diminish when the family's involvement in management and/or governance increases. Specifically:

$$\begin{aligned} \text{Voting dispersion}_{it} &= \beta_0 + \beta_1 \cdot \text{Family ownership}_{it} \\ &+ \beta_2 \cdot \text{Family management}_{it} \\ &+ \beta_3 \cdot \text{Family governance}_{it} \\ &+ \beta_4 \cdot (\text{Family ownership}_{it} \cdot \text{Family management}_{it}) \\ &+ \beta_5 \cdot (\text{Family ownership}_{it} \cdot \text{Family governance}_{it}) \\ &+ \beta_6 \cdot \text{Control variables}_{it} + n_i + d_t + e_{it} \end{aligned} \quad (3)$$

## 4. Results

### 4.1. Descriptive statistics and correlations

Table 1 shows the basic statistics. Distinguishing between family and non-family firms, Panel A shows that mean voting dispersion is greater in non-family firms (0.068) than in family firms (0.061), a priori indicating a greater tendency to concentrate voting results from SOP within family firms. Panel A also shows the main descriptive statistics regarding control variables. Among these, we observe that CEO pay, size, and performance are lower in family firms compared to non-family firms. We also observe that boards in family firms are larger, display less independence and have a high level of ownership concentration. In addition, compensation committees in family firms are smaller and hold fewer meetings. Moreover, Panel B shows statistics regarding family firm variables. We note that family ownership is about 27.26 %, that there is a greater proportion of family firms without a family CEO, and that the average percentages of family ownership on the management team and boards are 13.28 % and 16.01 %, respectively. The standard deviation value of these variables indicates the existence of certain differences among firms.

Table 2 shows the correlations between our main variables. We highlight the negative correlation between voting dispersion and family ownership, and the negative correlation between CEO compensation and family ownership. In addition, correlations between family firm variables (i.e., family firm, family ownership, family management, and family governance) and some board variables are worthy of note. The correlations between the remaining exploratory variables are not high. In addition, our tests show an absence of multicollinearity between our explanatory variables, since VIF values are below 5, as shown in Table 2 (Hair, Anderson, Tatham, & Black, 1998).

### 4.2. Testing the hypotheses

Model 1 regressions for testing Hypothesis 1 are shown in Table 3. We find that family firms – in contrast to non-family firms – tend to concentrate their positions when casting their SOP votes, thereby reducing voting dispersion within family firms (specifically,  $\beta_1 = -0.0075$ ,  $p < 0.10$ ;  $\beta_1 = -0.0157$ ,  $p < 0.01$ ;  $\beta_1 = -0.0176$ ,  $p < 0.01$ , for 5%, 10 %, and 20 % threshold, respectively). Our results, which confirm our Hypothesis 1, are therefore robust, regardless of whether the threshold for the distinction between family and non-family firms is set at 5 %, 10 %, or 20 %.

Focusing exclusively on family firms, Table 4 shows the results regarding Model 2 for testing Hypothesis 2. We find that family ownership has a negative and significant impact on voting dispersion (regardless of the threshold established), allowing us to affirm that when family ownership increases, shareholders tend to concentrate their votes

<sup>2</sup> The mean of the "family ownership" variable when considering all the companies (those classified as family and those classified as non-family) is about 4 %.

**Table 1**  
Summary of sample characteristics (2007–2017).

| Panel A – SOP dispersion and control variables |                  |                    |        |         |         |              |                    |        |         |         |
|------------------------------------------------|------------------|--------------------|--------|---------|---------|--------------|--------------------|--------|---------|---------|
| Variable                                       | Non-family firms |                    |        |         |         | Family firms |                    |        |         |         |
|                                                | Mean             | Standard deviation | Median | Min     | Max     | Mean         | Standard deviation | Median | Min     | Max     |
| Voting dispersion                              | 0.068            | 0.068              | 0.042  | 0.000   | 0.250   | 0.061        | 0.071              | 0.027  | 0.000   | 0.248   |
| CEO compensation                               | 7.255            | 0.698              | 7.256  | 3.091   | 9.759   | 6.961        | 0.7212             | 6.939  | 2.833   | 9.241   |
| Firm size                                      | 20.728           | 1.709              | 20.590 | 13.069  | 26.212  | 20.213       | 1.327              | 20.208 | 15.403  | 22.973  |
| ROA                                            | 6.962            | 15.303             | 6.417  | −75.697 | 69.108  | 6.871        | 13.896             | 7.101  | −94.643 | 59.707  |
| Institutional ratio                            | 32.880           | 17.847             | 32.285 | 0.000   | 90.950  | 21.811       | 16.092             | 19.575 | 0.000   | 71.200  |
| Leverage                                       | 0.325            | 1.040              | 0.145  | 0.000   | 30.474  | 0.331        | 1.130              | 0.076  | 0.000   | 13.911  |
| Book-to-market                                 | 0.443            | 8.584              | 0.151  | −91.131 | 147.645 | 0.114        | 8.387              | 0.128  | −89.909 | 72.454  |
| Board size                                     | 8.530            | 2.337              | 8.000  | 2.000   | 19.000  | 8.584        | 2.201              | 8.000  | 3.000   | 16.000  |
| Board independence                             | 53.557           | 13.287             | 55.000 | 0.000   | 92.000  | 51.172       | 13.938             | 50.000 | 0.000   | 100.000 |
| Board ownership                                | 1.853            | 5.367              | 0.280  | 0.000   | 100.000 | 19.154       | 19.411             | 11.010 | 0.000   | 72.530  |
| Compensation committee size                    | 4.070            | 1.142              | 4.000  | 1.000   | 11.000  | 3.602        | 1.047              | 3.000  | 2.000   | 8.000   |
| Compensation committee meetings                | 4.716            | 1.826              | 5.000  | 0.000   | 13.000  | 3.997        | 1.690              | 4.000  | 0.000   | 9.000   |
| Share ownership concentration                  | 14.577           | 11.305             | 11.335 | 0.000   | 100.000 | 27.695       | 16.812             | 25.705 | 5.640   | 90.000  |
| Panel B – Family firm variables                |                  |                    |        |         |         |              |                    |        |         |         |
| Variable                                       | Mean             | Standard deviation |        | Median  | Min     | Max          |                    |        |         |         |
| Family ownership                               | 27.259           | 19.130             |        | 26.000  | 5.000   | 90.000       |                    |        |         |         |
| Family management_1                            | 0.403            | 0.491              |        | 0.000   | 0.000   | 1.000        |                    |        |         |         |
| Family management_2                            | 13.280           | 19.322             |        | 0.515   | 0.000   | 72.200       |                    |        |         |         |
| Family governance                              | 16.005           | 18.887             |        | 7.545   | 0.000   | 72.200       |                    |        |         |         |

– forming a homogeneous voting bloc (specifically,  $\beta_1 = -0.1260$ ,  $p < 0.01$ ;  $\beta_1 = -0.1479$ ,  $p < 0.01$ ;  $\beta_1 = -0.1611$ ,  $p < 0.01$ , for 5 %, 10 %, and 20 % threshold, respectively). These results, which confirm our Hypothesis 2, reflect the importance of emotional and familial ties within family businesses when shareholders assess executive compensation and cast their votes.

In addition, Model 3 regressions for testing Hypotheses 3 a) and b) are shown in Table 5, where the moderating role of family involvement in management and governance is analyzed. In all the regressions, we find that family ownership has a negative and significant impact on voting dispersion – consistent with our Hypothesis 2. As regards the moderating effects, we test them individually, and then retest their influence jointly in a single regression. As for *family involvement in management*, we obtain a negative moderating effect on the relationship between family ownership and voting dispersion both when the effect is individually (regressions I, IV, and VII) and jointly tested (regressions III, VI, and IX). These results are consistent both when testing the moderating influence of a family CEO (specifically,  $\beta_4 = -0.1005$ ,  $p < 0.05$ ;  $\beta_4 = -0.1050$ ,  $p < 0.01$ ;  $\beta_4 = -0.1044$ ,  $p < 0.05$ , for 5 %-model III, 10 %-model VI, and 20 %-model IX threshold, respectively) as well as the presence of family on the management team (specifically,  $\beta_4 = -0.1602$ ,  $p < 0.05$ ;  $\beta_4 = -0.1970$ ,  $p < 0.01$ ;  $\beta_4 = -0.1565$ ,  $p < 0.05$ , for 5 %-model III, 10 %-model VI, and 20 %-model IX threshold, respectively). This implies that the likelihood of concentrating SOP voting within family businesses is intensified by the presence of family members who are the CEO or who hold managerial positions. These results confirm our Hypothesis 3 a).

Moreover, with regard to *family involvement in governance*, we also test this moderating effect both individually (regressions II, V, and VIII) and jointly (regressions III, VI, and IX). The results show that this effect is only significant when the family ownership threshold is 20 %, while it is not significant in the other thresholds (specifically,  $\beta_5 = -0.0102$ , n.s.;  $\beta_5 = -0.0406$ , n.s.;  $\beta_5 = -0.1001$ ,  $p < 0.10$ , for 5 %-model III, 10 %-model VI, and 20 %-model IX threshold, respectively). Thus, these results partially support our Hypothesis 3 b) – since the presence of family members on the board only intensifies the impact of family ownership on voting dispersion when family ownership exceeds 20 %.

To better understand the moderating effects of family involvement in management and governance, we offer three interactions plots in Figs. 1–3. Figs. 1 and 2 show the moderating effect of family involvement in management (by showing the differences between having or not

having a family CEO in the first plot, and by differentiating between a family-dominated management team and a non-family-dominated management team in the second). Moreover, Fig. 3 shows the moderating role of family involvement in governance (by differentiating between a family-dominated board and a non-family-dominated board). In the second and third Figure, we used values one standard deviation above and below the mean for each interacting variable (Jin & Park, 2015). As shown in these figures, while there is a clear moderating effect in the case of family involvement in management (supporting our Hypothesis 3a), the interaction effect of family governance is limited to higher family ownership values (partially supporting our Hypothesis 3b).

## 5. Conclusions and discussion

Family firms are characterized by particularistic governance decision-making which is dominated by strong emotional and family ties, close family shareholder identification with the family, and strong family wealth preservation (Block, 2010; Gomez-Mejia et al., 2010). These relationships and interactions, which are mainly based on proximity, kinship, and intensive communications, allow family members to put differences aside and to row in the same direction (Pieper, Astrachan, & Manners, 2013). Studying SOP in the context of family firm governance (Baek & Fazio, 2015; Bartholomeusz & Tanewski, 2006; Kumar & Zattoni, 2016; Mazur & Wu, 2016; Saravanan et al., 2017) helps to gain a wider perspective on shareholder voting behavior as well as a better understanding of how social cohesion and shared vision may be fostered in decision-making within family businesses.

Our results highlight the tendency of family firms – in contrast to non-family firms – to concentrate their positions when casting their SOP votes, thereby reducing their voting dispersion. These results are consistent with prior literature that states how in family firms – where decisions taken by family members are strongly influenced by ties, commitment, and trust – it is more common to adopt a shared vision in decision-making than in non-family firms (Catuogno et al., 2018; Musakallio et al., 2002), which in fact translates into homogeneous assessments regarding pay packages – where affective pay monitoring predominates (Sánchez-Marín et al., 2020). Our evidence thus supports the notion that family owners tend to vote on executive pay packages with a more united voice – subordinating personal goals to family goals, since their behavior is driven by a desire to preserve family wealth, trust,

**Table 2**  
Correlations between variables (2007–2017).

| Variable                             | (1)       | (2)       | (3)       | (4)       | (5)       | (6)       | (7)       | (8)       | (9)       | (10)      | (11)    | (12)      | (13)      | (14)      | (15)      | (16)      | (17)      | (18)  | VIF  |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-------|------|
| (1) Voting dispersion                | 1.000     |           |           |           |           |           |           |           |           |           |         |           |           |           |           |           |           |       | –    |
| (2) Family firm                      | –0.032    | 1.000     |           |           |           |           |           |           |           |           |         |           |           |           |           |           |           |       | 3.06 |
| (3) Family ownership                 | –0.070*** | 0.795***  | 1.000     |           |           |           |           |           |           |           |         |           |           |           |           |           |           |       | 4.35 |
| (4) Family management_1              | 0.002     | 0.394***  | 0.316***  | 1.000     |           |           |           |           |           |           |         |           |           |           |           |           |           |       | 2.31 |
| (5) Family management_2              | –0.035    | 0.436***  | 0.478***  | 0.283***  | 1.000     |           |           |           |           |           |         |           |           |           |           |           |           |       | 2.02 |
| (6) Family governance                | –0.016    | 0.558***  | 0.511***  | 0.737***  | 0.346***  | 1.000     |           |           |           |           |         |           |           |           |           |           |           |       | 2.90 |
| (7) CEO compensation                 | 0.133***  | –0.144*** | –0.101*** | –0.056*** | –0.114*** | –0.100*** | 1.000     |           |           |           |         |           |           |           |           |           |           |       | 1.70 |
| (8) Firm size                        | 0.111***  | –0.108*** | –0.040*   | –0.167*** | –0.067*** | –0.151*** | 0.561***  | 1.000     |           |           |         |           |           |           |           |           |           |       | 2.18 |
| (9) ROA                              | –0.038    | 0.002     | 0.013     | 0.005     | 0.055**   | 0.005     | 0.085**   | 0.049**   | 1.000     |           |         |           |           |           |           |           |           |       | 1.03 |
| (10) Institutional ratio             | –0.032    | –0.214**  | –0.260*** | –0.080*** | –0.201*** | –0.172*** | –0.222*** | –0.345*** | –0.021    | 1.000     |         |           |           |           |           |           |           |       | 1.41 |
| (11) Leverage                        | 0.012     | 0.002     | 0.032     | –0.039*   | –0.025    | 0.025     | –0.006    | 0.077***  | –0.127*** | 0.019     | 1.000   |           |           |           |           |           |           |       | 1.04 |
| (12) Book-to-market                  | 0.001     | 0.011     | –0.001    | 0.020     | 0.019     | 0.018     | –0.044**  | –0.005    | 0.032     | 0.003     | 1.000   |           |           |           |           |           |           |       | 1.00 |
| (13) Board size                      | 0.050*    | 0.008     | 0.020     | 0.024     | –0.030    | 0.096***  | 0.014     | 0.526***  | –0.064**  | –0.370*** | 0.015   | –0.026    | 1.000     |           |           |           |           |       | 1.83 |
| (14) Board independence              | 0.070***  | –0.062*** | –0.033    | –0.077*** | –0.054**  | –0.087*** | 0.036     | 0.003     | –0.082*** | 0.049**   | –0.036  | 0.156***  | 1.000     |           |           |           |           |       | 1.19 |
| (15) Board ownership                 | –0.074*** | 0.564***  | 0.651***  | 0.351***  | 0.682***  | 0.439***  | –0.232*** | –0.173*** | 0.013     | 0.162***  | –0.036* | –0.069*** | –0.126*** | 1.000     |           |           |           |       | 2.99 |
| (16) Compensation committee size     | 0.044**   | –0.143*** | –0.127*** | –0.070*** | –0.099*** | –0.098*** | 0.043     | 0.222***  | 0.081***  | –0.023    | –0.013  | –0.002    | 0.322***  | 0.205***  | –0.163*** | 1.000     |           |       | 1.23 |
| (17) Compensation committee meetings | 0.042**   | –0.138*** | –0.105*** | –0.113*** | –0.116*** | 0.164***  | 0.154***  | 0.209***  | 0.025     | 0.025     | 0.010   | –0.003    | 0.120***  | 0.116***  | –0.152*** | –0.156*** | 1.000     |       | 1.09 |
| (18) Share ownership concentration   | –0.099*** | 0.351***  | 0.544***  | 0.102***  | 0.218***  | 0.256***  | –0.207*** | 0.014     | –0.048**  | –0.048**  | 0.053   | –0.013    | 0.064***  | –0.120*** | 0.427***  | –0.174*** | –0.106*** | 1.000 | 1.76 |

p-value: \* p &lt; 0.10, \*\* p &lt; 0.05, \*\*\* p &lt; 0.01.

and interests, which ultimately favors the firm's interests. This is line with [Binz Astrachan, Astrachan, Kotlar, and Michiels \(2021\)](#), who state in a similar research field that “*designing shareholder agreements that serve the interests of the family and the business is important for the transfer of family wealth and firm assets across generations, and is therefore critical to long-term family business continuity*” ([Binz Astrachan et al., 2021, p. 2](#)). This family behavior may differ from other blockholders' behavior (such as banks or pension funds), whose motivation to impose their power is often linked to pursuing individualistic and opportunistic interests that tend to damage this long-term firm continuity.

Moreover, this likelihood of forming voting blocs (which reduces voting dispersion) tends to intensify within family firms as family ownership grows, since this greater family involvement in ownership implies an increase in their stewardship behaviors ([Le Breton-Miller et al., 2011](#)), promoting a greater struggle to preserve family interests in addition to reducing conflicts. Findings also show how shareholder behavior in SOP voting is strongly impacted by family involvement in management and governance. The impact of family involvement in management, in addition to favoring common views, is in line with the tendency to merge voting rights within family organizations as the family gains control of the company (both in terms of ownership and management) ([Sánchez-Marín et al., 2020](#)), thereby increasing voting concentration. However, as regards family involvement in governance, the impact is only significant when family ownership is high (about 20 % or more), which might be explained by the current trend towards board professionalization ([Dibrell, Marshall, Palar, & Gentry, 2019](#)).

### 5.1. Academic contributions and practical implications

Our study offers four major theoretical contributions. First, it heralds an interesting step forward in SOP and family firm-related literature by conducting a contextual and longitudinal study that provides clarification for certain unknowns concerning SOP determining factors. Specifically, we explore for the first time the role played by family businesses regarding shareholder behavior in SOP voting. This fills an important gap in the literature concerning shareholder voting behaviors ([Lozano-Reina & Sánchez-Marín, 2020](#)) by underpinning the differences in how governance mechanisms function – manifested in this particular case through SOP voting results – between family and non-family firms, which may in turn affect corporate governance effectiveness ([Baek & Fazio, 2015](#); [Saravanan et al., 2017](#)). Moreover, focusing on a family firm context is highly relevant since these firms represent the most popular type of ownership structure in most economies around the world ([La Porta et al., 1999](#)).

Second, despite the existence in the literature of a major discussion concerning family conflicts between members and branches, our evidence shows how families are strongly prone to adopt common views in decision-making by tending to vote as a bloc – since family members can put aside their individual aims for the benefit of the family ([Mustakallio et al., 2002](#)), which reduces intrafamily conflicts in these companies ([Songini & Gnan, 2015](#)). This underpins the key role played by family members to preserve family control and wealth, where the impact of values, culture, and ties within family businesses is particularly important ([Chrisman et al., 2012](#); [Stavrou et al., 2007](#)) – and which is intensified as family commitment and attachment grow ([Anderson & Reeb, 2003](#); [Jiang & Peng, 2011](#); [Vandemaale & Vancouteren, 2015](#)).

Third, by showing the importance of considering the heterogeneity of family firms, we help to complement another gap concerning the debate on how family firm heterogeneity may lead to variations in corporate governance decision-making ([Achleitner et al., 2012](#); [Soleimanof et al., 2018](#)), adding fresh evidence regarding a new and prominent governance mechanism. This contributes to the research line which points out that family businesses should not be considered homogeneous, but quite the opposite, as there are numerous differences among them due to the varying degrees of family involvement in business tasks ([Achleitner et al., 2012](#); [Soleimanof et al., 2018](#)). This is also

**Table 3**

SOP voting dispersion between family and non-family firms.

| Variable                                         | Voting dispersion <sub>it</sub> |                         |                          |
|--------------------------------------------------|---------------------------------|-------------------------|--------------------------|
|                                                  | (I) Threshold_5<br>%            | (II) Threshold<br>_10 % | (III) Threshold<br>_20 % |
| Family firm <sub>it</sub>                        | −0.0075*<br>(0.0043)            | −0.0157***<br>(0.0057)  | −0.0176***<br>(0.0063)   |
| CEO compensation <sub>it</sub>                   | 0.0081***<br>(0.0021)           | 0.0076***<br>(0.0021)   | 0.0085***<br>(0.0021)    |
| Firm size <sub>it</sub>                          | −0.0001<br>(0.0007)             | 0.0006<br>(0.0008)      | −0.0003<br>(0.0008)      |
| ROA <sub>it</sub>                                | −0.0001<br>(0.0001)             | −0.0001<br>(0.0001)     | −0.0001<br>(0.0000)      |
| Institutional ratio <sub>it</sub>                | −0.0139**<br>(0.0064)           | −0.0204***<br>(0.0064)  | −0.0155**<br>(0.0064)    |
| Leverage <sub>it</sub>                           | 0.0041***<br>(0.0014)           | 0.0042***<br>(0.0014)   | 0.0043***<br>(0.0014)    |
| Book-to-market <sub>it</sub>                     | 0.0000<br>(0.0000)              | 0.0000<br>(0.0001)      | 0.0000<br>(0.0001)       |
| Board size <sub>it</sub>                         | 0.0009<br>(0.0006)              | 0.0005<br>(0.0006)      | 0.0008<br>(0.0006)       |
| Board independence <sub>it</sub>                 | 0.0000<br>(0.0001)              | −0.0000<br>(0.0001)     | 0.0001<br>(0.0001)       |
| Board ownership <sub>it</sub>                    | 0.0001<br>(0.0001)              | 0.0001<br>(0.0001)      | 0.0002<br>(0.0001)       |
| Compensation<br>committee size <sub>it</sub>     | −0.0012<br>(0.0010)             | −0.0013<br>(0.0010)     | −0.0008<br>(0.0010)      |
| Compensation<br>committee meetings <sub>it</sub> | 0.0006<br>(0.0006)              | 0.0008<br>(0.0006)      | 0.0008<br>(0.0006)       |
| Share ownership<br>concentration <sub>it</sub>   | −0.0003***<br>(0.0001)          | −0.0003***<br>(0.0001)  | −0.0002**<br>(0.0001)    |
| Year control                                     | Yes                             | Yes                     | Yes                      |
| Industry control                                 | Yes                             | Yes                     | Yes                      |
| N                                                | 1,952                           | 1,952                   | 1,952                    |
| R-squared                                        | 0.0941                          | 0.0914                  | 0.0925                   |

p-value: \* p < 0.10; \*\* p < 0.05; \*\*\*p < 0.01. All standard errors are robust and are reported in parentheses.

revealed in this study, and serves as a complement to show how family heterogeneity in fact implies that SOP functioning (as a prominent corporate governance tool) differs depending on the level of family involvement. Related to this, our results shed light on the current trend towards board professionalization within family firms (Dibrell et al., 2019), the aim of which is to safeguard economic and financial company interests over family goals. This situation can counterbalance the influence of family members and ownership on the board, increasing the divergence of views and thus intensifying SOP voting dispersion. In a similar vein, the effectiveness of board monitoring in firms with low family ownership might require a greater equilibrium between family and non-family directors (Catuogno et al., 2018), which restricts the strength of familiness affecting the decision-making orientation.

Fourth, this study also makes an important contribution vis-à-vis the complementarity of agency and stewardship approaches when explaining the governance phenomenon. The literature from the two perspectives has helped to understand that in family firms, agency relationships are tempered by the family ties forged in the management and governance of the company (Catuogno et al., 2018; Tiscini & Raoli, 2013). In this context, the emergence of SOP voting on executive pay – as an important pay monitoring mechanism – as well as the adoption of common stances in this voting, help to reduce the prevailing agency problem in family firms (Songini & Gnan, 2015), where affective (servant) compensation monitoring plays a prominent role (Sánchez-Marín et al., 2020). This SOP monitoring seeks to promote business policies (in general) and pay decisions (in particular) that balance stakeholder interests and firm value with family stability and wealth.

As regards practical implications, our findings also offer certain contributions. Specifically, family businesses should know that their decision-making is greatly influenced by family ties, involvement, and goals. As regards SOP voting, shareholders often follow a collectivist

orientation when annually assessing executive pay – which will align them with a positive or negative result depending on the influence exerted by powerful/majority/controlling family members. Adopting such homogeneous positions will prove effective as long as the decisions taken by shareholders are actually linked to maximizing family and firm interests. In any case, family firms should be aware of the danger of following a single homogeneous position when family shareholders simply <<cede their voting right>> without conducting a proper assessment of pay policies. For instance, shareholders might follow the view of a founder CEO or a controlling owner – influenced by emotional and family ties –, even though this view may not be right and may not actually reflect the business reality. Particular caution must be taken in companies with high family ownership and in those where the family is deeply involved in management and governance, since the main goal of SOP (as a pay monitoring mechanism) might be blurred, which would tend to remove the additional power that shareholders may have thanks to this mechanism.

Our findings are also of interest to political agents and legislators, since family firms' strategic behavior towards good governance compliance will be affected by the influence of each country's institutions and by how such institutions are able to discipline controlling shareholders (de Castro et al., 2017). Governments may modulate the influence that family members have within a firm through different regulations, beyond establishing other monitoring mechanisms which ensure that the interests of all stakeholders are taken into consideration in decision-making. For instance, if governments wish to control the influence of the family on voting and to improve the functioning and effectiveness of SOP, they should think more about complementing this voting with a balanced corporate governance system.

**Table 4**

SOP voting dispersion among family firms.

| Variable                                         | Voting dispersion <sub>it</sub> |                         |                          |
|--------------------------------------------------|---------------------------------|-------------------------|--------------------------|
|                                                  | (I) Threshold<br>_5 %           | (II) Threshold<br>_10 % | (III) Threshold<br>_20 % |
| Family ownership <sub>it</sub>                   | −0.1260***<br>(0.0364)          | −0.1479***<br>(0.0409)  | −0.1611***<br>(0.0585)   |
| CEO compensation <sub>it</sub>                   | −0.0050<br>(0.0044)             | 0.0018<br>(0.0053)      | −0.0018<br>(0.0059)      |
| Firm size <sub>it</sub>                          | 0.0037**<br>(0.0015)            | 0.0014<br>(0.0017)      | 0.0027<br>(0.0023)       |
| ROA <sub>it</sub>                                | −0.0001<br>(0.0003)             | −0.0002<br>(0.0003)     | −0.0002<br>(0.0003)      |
| Institutional ratio <sub>it</sub>                | −0.0218**<br>(0.0109)           | −0.0352*<br>(0.0211)    | −0.0273<br>(0.0297)      |
| Leverage <sub>it</sub>                           | 0.0007<br>(0.0040)              | 0.0006<br>(0.0043)      | −0.0027<br>(0.0062)      |
| Book-to-market <sub>it</sub>                     | −0.0004<br>(0.0004)             | −0.0004<br>(0.0003)     | −0.0003<br>(0.0004)      |
| Board size <sub>it</sub>                         | 0.0004<br>(0.0017)              | −0.0020<br>(0.0020)     | −0.0024<br>(0.0021)      |
| Board independence <sub>it</sub>                 | 0.0003<br>(0.0003)              | 0.0003<br>(0.0003)      | 0.0003<br>(0.0004)       |
| Board ownership <sub>it</sub>                    | 0.0001<br>(0.0002)              | 0.0003<br>(0.0002)      | 0.0000<br>(0.0002)       |
| Compensation<br>committee size <sub>it</sub>     | −0.0010<br>(0.0029)             | 0.0008<br>(0.0034)      | 0.0039<br>(0.0044)       |
| Compensation<br>committee meetings <sub>it</sub> | 0.0042**<br>(0.0021)            | 0.0045**<br>(0.0021)    | 0.0039*<br>(0.0022)      |
| Share ownership<br>concentration <sub>it</sub>   | −0.0009**<br>(0.0004)           | −0.0009**<br>(0.0004)   | −0.0011*<br>(0.0006)     |
| Year control                                     | Yes                             | Yes                     | Yes                      |
| Industry control                                 | Yes                             | Yes                     | Yes                      |
| N                                                | 845                             | 380                     | 275                      |
| R-squared                                        | 0.1981                          | 0.2133                  | 0.2268                   |

p-value: \* p < 0.10; \*\* p < 0.05; \*\*\*p < 0.01. All standard errors are robust and are reported in parentheses.

**Table 5**

Moderating effects of family involvement on SOP voting dispersion.

| Variable                                                           | Voting dispersion <sub>it</sub> |                        |                        |                        |                        |                        |                        |                        |                        |
|--------------------------------------------------------------------|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                                    | Threshold 5 %                   |                        |                        | Threshold 10 %         |                        |                        | Threshold 20 %         |                        |                        |
|                                                                    | (I)                             | (II)                   | (III)                  | (IV)                   | (V)                    | (VI)                   | (VII)                  | (VIII)                 | (IX)                   |
| Family ownership <sub>it</sub>                                     | −0.2009***<br>(0.0438)          | −0.1832***<br>(0.0450) | −0.2162***<br>(0.0474) | −0.2228***<br>(0.0497) | −0.1906***<br>(0.0504) | −0.2328***<br>(0.0537) | −0.4062***<br>(0.0591) | −0.3315***<br>(0.0667) | −0.4041***<br>(0.0631) |
| Family management_1 <sub>it</sub>                                  | −0.0245<br>(0.0224)             |                        | −0.0048<br>(0.0096)    | −0.0347<br>(0.0317)    |                        | 0.0053<br>(0.0174)     | −0.0513<br>(0.0433)    |                        | −0.0025<br>(0.0312)    |
| Family management_2 <sub>it</sub>                                  | −0.0124<br>(0.0139)             |                        | −0.0239<br>(0.0194)    | −0.0296<br>(0.0384)    |                        | −0.0158<br>(0.0141)    | −0.0376<br>(0.0306)    |                        | −0.0547<br>(0.0496)    |
| Family governance <sub>it</sub>                                    |                                 | −0.0167<br>(0.0280)    | 0.0203<br>(0.0268)     |                        | −0.0200<br>(0.0251)    | −0.0235<br>(0.0233)    |                        | −0.0631<br>(0.0701)    | −0.0573<br>(0.0636)    |
| Family ownership <sub>it</sub> * Family management_1 <sub>it</sub> | −0.1286***<br>(0.0369)          |                        | −0.1005**<br>(0.0486)  | −0.1161***<br>(0.0362) |                        | −0.1050***<br>(0.0382) | −0.1415**<br>(0.0644)  |                        | −0.1044**<br>(0.0485)  |
| Family ownership <sub>it</sub> * Family management_2 <sub>it</sub> | −0.1833**<br>(0.0869)           |                        | −0.1602**<br>(0.0702)  | −0.2365***<br>(0.0911) |                        | −0.1970***<br>(0.0513) | −0.2408***<br>(0.0573) |                        | −0.1565**<br>(0.0630)  |
| Family ownership <sub>it</sub> * Family governance <sub>it</sub>   |                                 | −0.0514<br>(0.0435)    | −0.0102<br>(0.0141)    |                        | −0.0622<br>(0.0757)    | −0.0406<br>(0.0358)    |                        | −0.1296**<br>(0.0576)  | −0.1001*<br>(0.0606)   |
| CEO compensation <sub>it</sub>                                     | −0.0045<br>(0.0050)             | −0.0045<br>(0.0043)    | −0.0042<br>(0.0050)    | 0.0020<br>(0.0059)     | 0.0011<br>(0.0052)     | 0.0017<br>(0.0059)     | −0.0070<br>(0.0064)    | −0.0002<br>(0.0055)    | −0.0070<br>(0.0064)    |
| Firm size <sub>it</sub>                                            | 0.0016<br>(0.0018)              | 0.0017<br>(0.0018)     | 0.0017<br>(0.0018)     | 0.0016<br>(0.0020)     | 0.0025<br>(0.0017)     | 0.0018<br>(0.0020)     | 0.0017<br>(0.0020)     | 0.0031<br>(0.0023)     | 0.0026<br>(0.0026)     |
| ROA <sub>it</sub>                                                  | −0.0003<br>(0.0003)             | −0.0002<br>(0.0003)    | −0.0003<br>(0.0003)    | −0.0002<br>(0.0003)    | −0.0002<br>(0.0003)    | −0.0002<br>(0.0003)    | −0.0000<br>(0.0003)    | −0.0001<br>(0.0003)    | −0.0002<br>(0.0004)    |
| Institutional ratio <sub>it</sub>                                  | −0.0176<br>(0.0191)             | −0.0288*<br>(0.0172)   | −0.0272**<br>(0.0136)  | −0.0176<br>(0.0212)    | −0.0362*<br>(0.0201)   | −0.0156<br>(0.0212)    | 0.0449<br>(0.0300)     | −0.0152<br>(0.0278)    | 0.0258<br>(0.0308)     |
| Leverage <sub>it</sub>                                             | 0.0005<br>(0.0042)              | −0.0008<br>(0.0041)    | −0.0002<br>(0.0043)    | 0.0002<br>(0.0044)     | −0.0006<br>(0.0046)    | −0.0005<br>(0.0046)    | −0.0014<br>(0.0064)    | −0.0120*<br>(0.0062)   | −0.0062<br>(0.0073)    |
| Book-to-market <sub>it</sub>                                       | −0.0004<br>(0.0003)             | −0.0004<br>(0.0004)    | −0.0004<br>(0.0003)    | −0.0002<br>(0.0002)    | −0.0003<br>(0.0003)    | −0.0002<br>(0.0002)    | −0.0001<br>(0.0001)    | 0.0000<br>(0.0002)     | −0.0001<br>(0.0002)    |
| Board size <sub>it</sub>                                           | 0.0012<br>(0.0017)              | 0.0018<br>(0.0017)     | 0.0016<br>(0.0017)     | −0.0012<br>(0.0020)    | −0.0012<br>(0.0019)    | −0.0006<br>(0.0020)    | 0.0015<br>(0.0019)     | 0.0017<br>(0.0020)     | 0.0024<br>(0.0021)     |
| Board independence <sub>it</sub>                                   | 0.0004*<br>(0.0002)             | 0.0004*<br>(0.0002)    | 0.0004*<br>(0.0002)    | 0.0003<br>(0.0003)     | 0.0003<br>(0.0003)     | 0.0003<br>(0.0003)     | 0.0002<br>(0.0004)     | 0.0004<br>(0.0004)     | 0.0002<br>(0.0004)     |
| Board ownership <sub>it</sub>                                      | −0.0001<br>(0.0002)             | 0.0000<br>(0.0002)     | −0.0002<br>(0.0003)    | −0.0002<br>(0.0003)    | 0.0002<br>(0.0002)     | −0.0003<br>(0.0003)    | −0.0008***<br>(0.0003) | −0.0003*<br>(0.0002)   | −0.0009***<br>(0.0003) |
| Compensation committee size <sub>it</sub>                          | −0.0016<br>(0.0028)             | −0.0017<br>(0.0029)    | −0.0018<br>(0.0028)    | 0.0009<br>(0.0031)     | 0.0001<br>(0.0033)     | 0.0002<br>(0.0031)     | 0.0002<br>(0.0034)     | 0.0044<br>(0.0038)     | 0.0025<br>(0.0038)     |
| Compensation committee meetings <sub>it</sub>                      | 0.0036**<br>(0.0016)            | 0.0030*<br>(0.0018)    | 0.0035**<br>(0.0018)   | 0.0041**<br>(0.0021)   | 0.0044**<br>(0.0020)   | 0.0041**<br>(0.0020)   | 0.0015<br>(0.0022)     | 0.0025<br>(0.0021)     | 0.0011<br>(0.0022)     |
| Share ownership concentration <sub>it</sub>                        | −0.0010**<br>(0.0004)           | −0.0007*<br>(0.0004)   | −0.0011**<br>(0.0005)  | −0.0015***<br>(0.0005) | −0.0010**<br>(0.0005)  | −0.0015***<br>(0.0005) | −0.0026***<br>(0.0005) | −0.0018***<br>(0.0005) | −0.0023***<br>(0.0006) |
| Year control                                                       | Yes                             | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    |
| Industry control                                                   | Yes                             | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    | Yes                    |
| N                                                                  | 845                             | 845                    | 845                    | 380                    | 380                    | 380                    | 275                    | 275                    | 275                    |
| R-squared                                                          | 0.2009                          | 0.2144                 | 0.2353                 | 0.2118                 | 0.2134                 | 0.2320                 | 0.2279                 | 0.2376                 | 0.2527                 |

p-value: \* p &lt; 0.10; \*\* p &lt; 0.05; \*\*\* p &lt; 0.01. All standard errors are robust and are reported in parentheses.

## 5.2. Limitations and future research

This paper has some limitations that offer interesting opportunities for future studies. First, this paper establishes the existence of low voting dispersion within family firms, particularly when family ownership increases. However, we do not test whether these shareholders are more prone to cast a positive or a dissenting vote. In family firms, the degree of voting dissent, in addition to depending on pay designs (Lozano-Reina & Sánchez-Marín, 2020), might be affected by family ownership and the heterogeneity of these companies. It might be assumed that a favorable SOP result is more likely when family ownership is intensified and when the family is directly involved in management and governance, since ties between family members and family commitment are greater. In any case, future studies should focus on exploring this issue.

Second, based on prior literature, we choose some important indicators regarding family involvement in management and governance (e.g., Chrisman & Patel, 2012; Cruz et al., 2014; Gomez-Mejia et al., 2018; Vandemaele & Vancauteran, 2015). However, other indicators should be considered (e.g., family generation, the distinction between founder or descendant CEO, or family duality), which may complement our results. In particular, studying the question of family generation may be important because family members' behavior and features differ when a firm is in the first generation stage as opposed to subsequent

generations (Aguilera & Crespi-Cladera, 2012). Passing from earlier generations to subsequent generations implies different changes in firm management and policies (Le Breton-Miller & Miller, 2006), which might affect shareholder voting behavior.

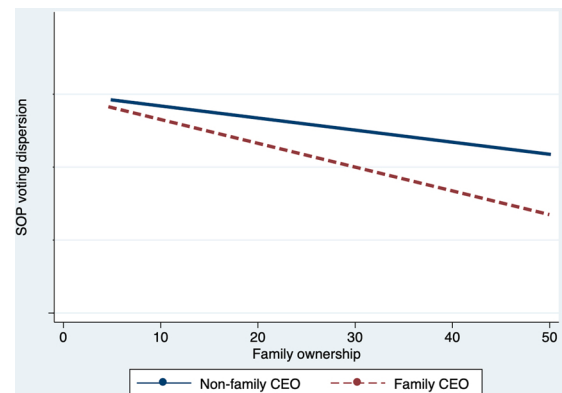


Fig. 1. Moderating effect of family involvement in management (CEO status).

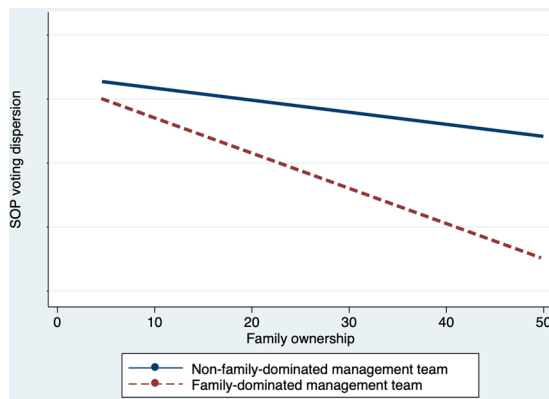


Fig. 2. Moderating effect of family involvement in management (management team status).

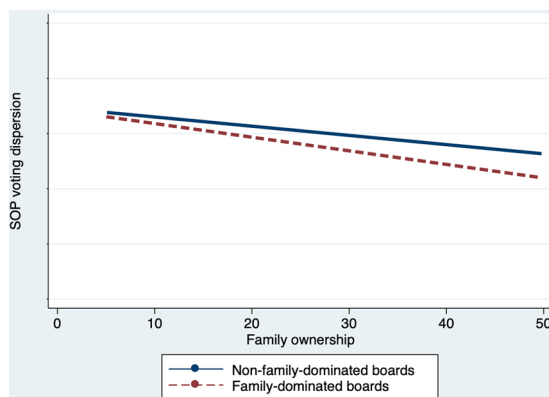


Fig. 3. Moderating effect of family involvement in governance (board status).

Third, we test how shareholder voting behavior is affected within family businesses and the impact of family involvement. Having tested shareholder voting behavior, it would now be interesting to explore how SOP results impact the design of subsequent executive compensation within family businesses, an issue which poses a major challenge for future research and that will help to determine whether this vote (and specifically the adoption of homogeneous stances) proves effective in promoting pay designs that are more aligned to company interests. Finally, since there is the possibility that multiple members of a family could own shares in a company for investment purposes, future research should consider this issue and should explore what role ownership pyramids play. Likewise, it is not clear whether such a voting system might lead to increased or reduced minority shareholder rights, since these are not always adequately protected (Goel, Mazzola, Phan, Pieper, & Zachary, 2012). Future research should thus consider the role of minority shareholders and propose different ways to ensure their rights as a core governance issue.

#### CRedit authorship contribution statement

The authors declare they have equally contributed to the manuscript.

#### Acknowledgments

This work was supported by the Spanish Ministry of Economy and Competitiveness (grant number ECO2017-84209-P), the University of Murcia (under the FPU program), and the *Fundación Cajamurcia*.

#### References

- Achleitner, A.-K., Kaserer, C., & Kauf, T. (2012). The dynamics of voting ownership in lone-founder, family-founder, and their firms. *Journal of Family Business Strategy*, 3 (2, SI), 79–96. <https://doi.org/10.1016/j.jfbs.2012.02.003>.
- Aguilera, R. V., & Crespi-Cladera, R. (2012). Firm family firms: Current debates of corporate governance in family firms. *Journal of Family Business Strategy*, 3(2, SI), 66–69. <https://doi.org/10.1016/j.jfbs.2012.03.006>.
- Alissa, W. (2015). Boards' response to shareholders' dissatisfaction: The case of shareholders' say on pay in the UK. *European Accounting Review*, 24(4), 727–752. <https://doi.org/10.1080/09638180.2015.1058719>.
- Anderson, R. C., & Reeb, D. M. (2003). Founding-family ownership and firm performance: Evidence from the S&P 500. *The Journal of Finance*, 58(3), 1301–1328. <https://doi.org/10.1111/1540-6261.00567>.
- Armstrong, C. S., Gow, I. D., & Larcker, D. F. (2013). The efficacy of shareholder voting: Evidence from equity compensation plans. *Journal of Accounting Research*, 51(5), 909–950. <https://doi.org/10.1111/1475-679X.12023>.
- Azizan, S. S., & Ameer, R. (2012). Shareholder activism in family-controlled firms in Malaysia. *Managerial Auditing Journal*, 27(8), 774–794. <https://doi.org/10.1108/02686901211257046>.
- Baek, H. Y., & Fazio, P. L. (2015). The effect of family ownership and control on equity-based compensation Evidence from S&P SmallCap firms. *Journal of Family Business Management*, 5(1), 55–72. <https://doi.org/10.1108/JFBM-04-2014-0008>.
- Baixaui-Soler, J. S., Lozano-Reina, G., & Sánchez-Marín, G. (2020). Managerial discretion, say on pay, and CEO compensation. *Management Decision*. <https://doi.org/10.1108/MD-03-2020-0242>. Forth.
- Balgati, B. (2001). *Economic analysis of panel data*. Chichester: Wiley.
- Balsam, S., Boone, J., Liu, H., & Yin, J. (2016). The impact of say-on-pay on executive compensation. *Journal of Accounting and Public Policy*, 35(2), 162–191. <https://doi.org/10.1016/j.jaccpubpol.2015.11.004>.
- Barnett, T., Long, R. G., & Marler, L. E. (2012). Vision and exchange in intra-family succession: Effects on procedural justice climate among nonfamily managers. *Entrepreneurship Theory and Practice*, 36(6, SI), 1207–1225. <https://doi.org/10.1111/j.1540-6520.2012.00546.x>.
- Barontini, R., & Bozzi, S. (2018). Family firm heterogeneity and CEO compensation in Continental Europe. *Journal of Economics and Business*, 97, 1–18. <https://doi.org/10.1016/j.jeconbus.2018.02.001>.
- Bartholomew, S., & Tanewski, G. A. (2006). The relationship between family firms and corporate governance. *Journal of Small Business Management*, 44(2), 245–267. <https://doi.org/10.1111/j.1540-627X.2006.00166.x>.
- Berrone, P., Cruz, C., & Gomez-Mejia. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, 25(3), 258–279. <https://doi.org/10.1177/0894486511435355>.
- Berrone, P., Cruz, C., Gomez-Mejia, & Larrazza-Kintana, M. (2010). Socioemotional wealth and corporate responses to institutional pressures: Do family-controlled firms pollute less? *Administrative Science Quarterly*, 55(1), 82–113. <https://doi.org/10.2189/asqu.2010.55.1.82>.
- Bingham, J. B., Dyer, W. G., Jr., Smith, I., & Adams, G. L. (2011). A stakeholder identity orientation approach to corporate social performance in family firms. *Journal of Business Ethics*, 99(4), 565–585. <https://doi.org/10.1007/s10551-010-0669-9>.
- Binz Astrachan, C., Astrachan, J. H., Kotlar, J., & Michiels, A. (2021). Addressing the theory-practice divide in family business research: The case of shareholder agreements. *Journal of Family Business Strategy*, Article 100395. <https://doi.org/10.1016/j.jfbs.2020.100395>.
- Block, J. (2010). Family management, family ownership, and downsizing: Evidence from S&P 500 firms. *Family Business Review*, 23(2), 109–130. <https://doi.org/10.1177/0894486509360520>.
- Boubaker, S., Nguyen, P., & Rouatbi, W. (2016). Multiple large shareholders and corporate risk-taking: Evidence from french family firms. *European Financial Management*, 22(4), 697–745. <https://doi.org/10.1111/eufm.12086>.
- Brunarski, K. R., Campbell, T. C., & Harman, Y. S. (2015). Evidence on the outcome of Say-On-Pay votes: How managers, directors, and shareholders respond. *Journal of Corporate Finance*, 30, 132–149. <https://doi.org/10.1016/j.jcorpfin.2014.12.007>.
- Burns, N., & Minnick, K. (2013). Does say-on-pay matter? Evidence from say-on-pay proposals in the United States. *The Financial Review*, 48(2), 233–258. <https://doi.org/10.1111/fire.12002>.
- Cadbury Code. (1992). *Cadbury code*.
- Catuogno, S., Arena, C., Cirillo, A., & Pennacchio, L. (2018). Exploring the relation between family ownership and incentive stock options: The contingency of family leadership, board monitoring and financial crisis. *Journal of Family Business Strategy*, 9(1), 59–72. <https://doi.org/10.1016/j.jfbs.2017.11.005>.
- Chrisman, J. J., & Patel, P. C. (2012). Variations in R&D investments of family and nonfamily firms: Behavioral agency and myopic loss aversion perspectives. *The Academy of Management Journal*, 55(4), 976–997. <https://doi.org/10.5465/amj.2011.0211>.
- Chrisman, J. J., Chua, J., Pearson, A., & Barnett, T. (2012). Family involvement, family influence, and family-centered non-economic goals in small firms. *Entrepreneurship Theory and Practice*, 36(2), 267–293. <https://doi.org/10.1111/j.1540-6520.2010.00407.x>.
- Chu, W. (2011). Family ownership and firm performance: Influence of family management, family control, and firm size. *Asia Pacific Journal of Management*, 28 (4), 833–851. <https://doi.org/10.1007/s10490-009-9180-1>.
- Conyon, M. J., & Sadler, G. (2010). Shareholder voting and directors' remuneration report legislation: Say on pay in the UK. *Corporate Governance an International Review*, 18(4), 296–312. <https://doi.org/10.1111/j.1467-8683.2010.00802.x>.

- Correa, R., & Lel, U. (2016). Say on pay laws, executive compensation, pay slice, and firm valuation around the world. *Journal of Financial Economics*, 122(3), 500–520. <https://doi.org/10.1016/j.jfineco.2016.09.003>.
- Cruz, C., Larrazza-Kintana, M., Garces-Galdeano, L., & Berrone, P. (2014). Are family firms really more socially responsible? *Entrepreneurship Theory and Practice*, 38(6, SI), 1295–1316. <https://doi.org/10.1111/etap.12125>.
- Cruz, C. C., Gomez-Mejia, L. R., & Becerra, M. (2010). Perceptions of benevolence and the design of agency contracts: CEO-TMT relationship in family firms. *The Academy of Management Journal*, 53(1), 69–89. <https://doi.org/10.5465/AMJ.2010.48036975>.
- Daily, C. M., & Johnson, J. L. (1997). Sources of CEO power and firm financial performance: A longitudinal assessment. *Journal of Management*, 23(2), 97–117. [https://doi.org/10.1016/S0149-2063\(97\)90039-8](https://doi.org/10.1016/S0149-2063(97)90039-8).
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *The Academy of Management Review*, 22(1), 20–47. <https://doi.org/10.5465/AMR.1997.9707180258>.
- de Castro, L. R., Aguilera, R. V., & Crespi-Cladera, R. (2017). Family firms and compliance: Reconciling the conflicting predictions within the socioemotional wealth perspective. *Family Business Review*, 30(2), 137–159. <https://doi.org/10.1177/0894486516685239>.
- De Massis, A., Kotlar, J., Campopiano, G., & Cassia, L. (2013). Dispersion of family ownership and the performance of small-to-medium size private family firms. *Journal of Family Business Strategy*, 4(3), 166–175. <https://doi.org/10.1016/j.jfbs.2013.05.001>.
- Dibrell, C., Marshall, D. R., Palar, J. M., & Gentry, R. J. (2019). New director selection during growth in family-influenced and lone founder firms: An identity fit perspective. *Journal of Business Research*, 101, 1–11. <https://doi.org/10.1016/j.jbusres.2019.04.005>.
- Eddleston, K. A., Otondo, R. F., & Kellermanns, F. W. (2008). Conflict, participative decision-making, and generational ownership dispersion: A multilevel analysis. *Journal of Small Business Management*, 46(3), 456–484. <https://doi.org/10.1111/j.1540-627X.2008.00252.x>.
- Feldman, E. R., Amit, R. (Raffi), & Villalonga, B. (2016). Corporate divestitures and family control. *Strategic Management Journal*, 37(3), 429–446. <https://doi.org/10.1002/smj.2329>.
- Ferri, F., & Maber, D. A. (2013). Say on pay votes and CEO compensation: Evidence from the UK. *Review of Finance*, 17(2), 527–563. <https://doi.org/10.1093/rof/rfs003>.
- Garcia-Castro, R., & Aguilera, R. V. (2014). Family involvement in business and financial performance: A set-theoretic cross-national inquiry. *Journal of Family Business Strategy*, 5(1), 85–96. <https://doi.org/10.1016/j.jfbs.2014.01.006>.
- Goel, S., He, X., & Karri, R. (2011). Family involvement in a hierarchical culture: Effect of dispersion of family ownership control and family member tenure on firm performance in Chinese family owned firms. *Journal of Family Business Strategy*, 2(4), 199–206.
- Goel, S., Mazzola, P., Phan, P. H., Pieper, T. M., & Zachary, R. K. (2012). Strategy, ownership, governance, and socio-psychological perspectives on family businesses from around the world. *Journal of Family Business Strategy*, 3(2, SI), 54–65. <https://doi.org/10.1016/j.jfbs.2012.03.005>.
- Gomez-Mejia, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The bind that ties: Socioemotional wealth preservation in family firms. *The Academy of Management Annals*, 5, 653–707. <https://doi.org/10.1080/19416520.2011.593320>.
- Gomez-Mejia, L. R., Haynes, K., Nunez-Nickel, M., Jacobson, K., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106–137. <https://doi.org/10.2189/asqu.52.1.106>.
- Gomez-Mejia, L. R., Larrazza-Kintana, M., & Makri, M. (2003). The determinants of executive compensation in family-controlled public corporations. *The Academy of Management Journal*, 46(2), 226–237. <https://doi.org/10.2307/30040616>.
- Gomez-Mejia, L. R., Makri, M., & Larrazza Kintana, M. (2010). Diversification decisions in family-controlled firms. *Journal of Management Studies*, 47(2), 223–252. <https://doi.org/10.1111/j.1467-6486.2009.00889.x>.
- Gomez-Mejia, L. R., Nunez-Nickel, M., & Gutierrez, I. (2001). The role of family ties in agency contracts. *The Academy of Management Journal*, 44(1), 81–95. <https://doi.org/10.2307/3069338>.
- Gomez-Mejia, L. R., Patel, P. C., & Zellweger, T. M. (2018). In the horns of the dilemma: Socioemotional wealth, financial wealth, and acquisitions in family firms. *Journal of Management*, 44(4), 1369–1397. <https://doi.org/10.1177/0149206315614375>.
- Greenbury Report. (1995). *Greenbury report*.
- Greene, W. H. (2007). *Econometric analysis*. London: Prentice Hall.
- Gregory-Smith, I., Thompson, S., & Wright, P. W. (2014). CEO pay and voting dissent before and after the crisis. *The Economic Journal*, 124(574). <https://doi.org/10.1111/econj.12108>.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate data analysis* (5th ed.). Upper Saddle River: Prentice Hall.
- Heino, N., Tuominen, P., & Jussila, I. (2020). Listed family firm stakeholder orientations: The critical role of value-creating family factors. *Journal of Family Business Strategy*. <https://doi.org/10.1016/j.jfbs.2020.100376>. Forthcoming.
- Hooghiemstra, R., Kuang, Y. F., & Qin, B. (2015). Say-on-Pay votes: The role of the media. *European Accounting Review*, 24(4), 753–778. <https://doi.org/10.1080/09638180.2015.1034152>.
- Hooghiemstra, R., Kuang, Y. F., & Qin, B. (2017). Does obfuscating excessive CEO pay work? The influence of remuneration report readability on say-on-pay votes. *Accounting and Business Research*, 47(6), 695–729. <https://doi.org/10.1080/00014788.2017.1300516>.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X).
- Jiang, Y., & Peng, M. W. (2011). Are family ownership and control in large firms good, bad, or irrelevant? *Asia Pacific Journal of Management*, 28(1), 15–39. <https://doi.org/10.1007/s10490-010-9228-2>.
- Jin, K., & Park, C. (2015). Separation of cash flow and voting rights and firm performance in large family business groups in Korea. *Corporate Governance an International Review*, 23(5), 434–451. <https://doi.org/10.1111/corg.12102>.
- Jong, L., & Ho, P.-L. (2018). Inside the family firms: The impact of family and institutional ownership on executive remuneration. *Cogent Economics & Finance*, 6(1). <https://doi.org/10.1080/23322039.2018.1432095>.
- Kallmuenzer, A., Hora, W., & Peters, M. (2018). Strategic decision-making in family firms: An explorative study. *European Journal of International Management*, 12(5–6), 655–675. <https://doi.org/10.1504/EJIM.2018.094497>.
- Kimbro, M. B., & Xu, D. (2016). Shareholders have a say in executive compensation: Evidence from say-on-pay in the United States. *Journal of Accounting and Public Policy*, 35(1), 19–42. <https://doi.org/10.1016/j.jaccpubpol.2015.08.003>.
- Kraiczyn, N. D., Hack, A., & Kellermanns, F. W. (2015). What makes a family firm innovative? CEO risk-taking propensity and the organizational context of family firms. *The Journal of Product Innovation Management*, 32(3), 334–348. <https://doi.org/10.1111/jpim.12203>.
- Kumar, P., & Zattoni, A. (2016). Family business, corporate governance, and firm performance. *Corporate Governance an International Review*, 24(6), 550–551. <https://doi.org/10.1111/corg.12186>.
- La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (1999). Corporate ownership around the world. *The Journal of Finance*, 54(2), 471–517. <https://doi.org/10.1111/0022-1082.00115>.
- Le Breton-Miller, I., & Miller, D. (2006). Why do some family businesses out-compete? Governance, long-term orientations, and sustainable capability. *Entrepreneurship Theory and Practice*, 30(6), 731–746. <https://doi.org/10.1111/j.1540-6520.2006.00147.x>.
- Le Breton-Miller, I., Miller, D., & Lester, R. H. (2011). Stewardship or agency? A social embeddedness reconciliation of conduct and performance in public family businesses. *Organization Science*, 22(3), 704–721. <https://doi.org/10.1287/orsc.1100.0541>.
- Lozano-Reina, G., & Sánchez-Marín, G. (2020). Say on pay and executive compensation: A systematic review and suggestions for developing the field. *Human Resource Management Review*, 30(2), Article 100683. <https://doi.org/10.1016/j.hrmr.2019.01.004>.
- Martin, G., Campbell, J. T., & Gomez-Mejia, L. (2016). Family control, socioemotional wealth and earnings management in publicly traded firms. *Journal of Business Ethics*, 133(3), 453–469. <https://doi.org/10.1007/s10551-014-2403-5>.
- Maury, B. (2006). Family ownership and firm performance: Empirical evidence from Western European corporations. *Journal of Corporate Finance*, 12(2), 321–341. <https://doi.org/10.1016/j.jcorpfin.2005.02.002>.
- Mazur, M., & Wu, B. H. T. (2016). Founding family firms, CEO incentive pay, and dual agency problems. *Journal of Small Business Management*, 54(4), 1099–1125. <https://doi.org/10.1111/jsbm.12237>.
- Miller, D., & Le Breton-Miller, I. (2006). Family governance and firm performance: Agency, stewardship, and capabilities. *Family Business Review*, 19(1), 73–87. <https://doi.org/10.1111/j.1741-6248.2006.00063.x>.
- Miller, D., Le Breton-Miller, I., & Lester, R. H. (2011). Family and lone founder ownership and strategic behaviour: Social context, identity, and institutional logics. *Journal of Management Studies*, 48(1), 1–25. <https://doi.org/10.1111/j.1467-6486.2009.00896.x>.
- Mullins, F. (2018). A piece of the pie? The effects of familial control enhancements on the use of broad-based employee ownership programs in family firms. *Human Resource Management*, 57(5, SI), 979–992. <https://doi.org/10.1002/hrm.21828>.
- Murphy, K. J. (2013). Executive compensation: Where we are, and how we got there. In G. Constantinides, M. Harris, & R. Stulz (Eds.), *Handbook of the economics of finance* (2a ed.). New York: Elsevier Science North Holland.
- Mustakallio, M., Autio, E., & Zahra, S. A. (2002). Relational and contractual governance in family firms: Effects on strategic decision making. *Family Business Review*, 15(3), 205–222.
- Naldi, L., Cennamo, C., Corbetta, G., & Gomez-Mejia. (2013). Preserving socioemotional wealth in family firms: Asset or liability? The moderating role of business context. *Entrepreneurship Theory and Practice*, 37(6), 1341–1360. <https://doi.org/10.1111/etap.12069>.
- Nordqvist, M., Sharma, P., & Chirico, F. (2014). Family firm heterogeneity and governance: A configuration approach. *Journal of Small Business Management*, 52(2), 192–209. <https://doi.org/10.1111/jsbm.12096>.
- Patel, P. C., & Chrisman, J. J. (2014). Risk abatement as a strategy for R&D investments in family firms. *Strategic Management Journal*, 35(4), 617–627. <https://doi.org/10.1002/smj.2119>.
- Pieper, T. M., Astrachan, J. H., & Manners, G. (2013). Conflict in family business: Common metaphors and suggestions for intervention. *Family Relations*, 62(3), 490–500. <https://doi.org/10.1111/fare.12011>.
- Pindado, J., & Requejo, I. (2015). Family business performance from a governance perspective: A review of empirical research. *International Journal of Management Reviews*, 17(3), 279–311. <https://doi.org/10.1111/ijmr.12040>.
- Pittino, D., Visintin, F., Lenger, T., & Sternad, D. (2016). Are high performance work practices really necessary in family SMEs? An analysis of the impact on employee retention. *Journal of Family Business Strategy*, 7(2), 75–89. <https://doi.org/10.1016/j.jfbs.2016.04.002>.

- Poutziouris, P., Savva, C., & Hadjielias, E. (2015). Family involvement and firm performance: Evidence from UK listed firms. *Journal of Family Business Strategy*, 6(1), 14–32. <https://doi.org/10.1016/j.jfbs.2014.12.001>.
- Sánchez-Marín, G., Carrasco-Hernández, A. J., & Danvila-del-Valle, I. (2020). Effects of family involvement on the monitoring of CEO compensation. *International Entrepreneurship and Management Journal*, 16(4), 1347–1366. <https://doi.org/10.1007/s11365-019-00617-1>.
- Sánchez-Marín, G., Lozano-Reina, G., Baixauli-Soler, J. S., & Lucas-Pérez, M. E. (2017). Say on pay effectiveness, corporate governance mechanisms, and CEO compensation alignment. *BRQ Business Research Quarterly*, 20(4), 226–239. <https://doi.org/10.1016/j.brq.2017.07.001>.
- Saravanan, P., Srikanth, M., & Avabruth, S. M. (2017). Compensation of top brass, corporate governance and performance of the Indian family firms - an empirical study. *Social Responsibility Journal*, 13(3), 529–551. <https://doi.org/10.1108/SRJ-03-2016-0048>.
- Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003). Toward a theory of agency and altruism in family firms. *Journal of Business Venturing*, 18(4), 473–490. [https://doi.org/10.1016/S0883-9026\(03\)00054-5](https://doi.org/10.1016/S0883-9026(03)00054-5).
- Schulze, W. S., Lubatkin, M. H., Dino, R. N., & Buchholtz, A. K. (2001). Agency relationships in family firms: Theory and evidence. *Organization Science*, 12(2), 99–116. <https://doi.org/10.1287/orsc.12.2.99.10114>.
- Sciascia, S., Mazzola, P., Astrachan, J. H., & Pieper, T. M. (2013). Family involvement in the board of directors: Effects on sales internationalization. *Journal of Small Business Management*, 51(1), 83–99. <https://doi.org/10.1111/j.1540-627X.2012.00373.x>.
- Sciascia, S., Mazzola, P., & Kellermanns, F. W. (2014). Family management and profitability in private family-owned firms: Introducing generational stage and the socioemotional wealth perspective. *Journal of Family Business Strategy*, 5(2), 131–137. <https://doi.org/10.1016/j.jfbs.2014.03.001>.
- Sievinen, H., Ikaheimonen, T., & Pihkala, T. (2020). Owners' rule-based decision-making in family firm strategic renewal. *Scandinavian Journal of Management*, 36(3), Article 10119. <https://doi.org/10.1016/j.scaman.2020.101119>.
- Soleimanof, S., Rutherford, M. W., & Webb, J. W. (2018). The Intersection of family firms and institutional contexts: A review and agenda for future research. *Family Business Review*, 31(1, SI), 32–53. <https://doi.org/10.1177/0894486517736446>.
- Songini, L., & Gnan, L. (2015). Family involvement and agency cost control mechanisms in family small and medium-sized enterprises. *Journal of Small Business Management*, 53(3), 748–779. <https://doi.org/10.1111/jsbm.12085>.
- Stathopoulos, K., & Voulgaris, G. (2016). The importance of shareholder activism: The case of Say-on-Pay. *Corporate Governance an International Review*, 24(3), 359–370. <https://doi.org/10.1111/corg.12147>.
- Stavrou, E., Kassinis, G., & Filotheou, A. (2007). Downsizing and stakeholder orientation among the Fortune 500: Does family ownership matter? *Journal of Business Ethics*, 72(2), 149–162. <https://doi.org/10.1007/s10551-006-9162-x>.
- Tiscini, R., & Raoli, E. (2013). Stock option plan practices in family firms: The idiosyncratic private benefits approach. *Journal of Family Business Strategy*, 4(2), 93–105. <https://doi.org/10.1016/j.jfbs.2013.03.001>.
- Vandemaele, S., & Vancauteran, M. (2015). Nonfinancial goals, governance, and dividend payout in private family firms. *Journal of Small Business Management*, 53(1), 166–182. <https://doi.org/10.1111/jsbm.12063>.
- Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of Financial Economics*, 80(2), 385–417. <https://doi.org/10.1016/j.jfineco.2004.12.005>.
- Villalonga, B., & Amit, R. (2009). How are US family firms controlled? *The Review of Financial Studies*, 22(8), 3047–3091. <https://doi.org/10.1093/rfs/hhn080>.
- Zahra, S. A. (2003). International expansion of U.S. manufacturing family business: The effect of ownership and involvement. *Journal of Business Venturing*, 18(4), 495–512.
- Zhou, F., Fan, Y., An, Y., & Zhong, L. (2017). Independent directors, non-controlling directors, and executive pay-for-performance sensitivity: Evidence from Chinese non-state owned enterprises. *Pacific-Basin Finance Journal*, 43, 55–71. <https://doi.org/10.1016/j.pacfin.2017.02.003>.