

## How does family involvement shape what actually happens inside the boardroom?

*Inside four Argentine family firms, role clarity and power balance quietly decide board effectiveness.*

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*Published on September 13, 2025*

**A** board is meant to be where a company stops firefighting and starts thinking. Oversight, strategy, succession, a steady hand on the tiller. In family firms, though, the people around the table often wear three hats at once — owner, manager, relative — and those hats do not come off when the meeting starts.

Most research on family firm boards tries to explain board behaviour by looking at structure: how many independent directors, what share the family holds, how big the board is. Useful, but it skips the thing that matters most. What actually happens during the meeting? Who sets the agenda. Who speaks. Whose opinion counts. Whether anyone bothers to write down what was decided.

This study opened that black box. The researchers sat inside the boardrooms of four Argentine family firms, watched the meetings unfold, and interviewed the people in them. Their conclusion is uncomfortable and useful in equal measure: families do not just influence their boards through ownership. They *imprint* them — leaving lasting marks on how the board operates, often without anyone noticing.

### WHAT WE STUDIED

The team built a qualitative, multiple-case study of four privately held family SMEs in Argentina, ranging from first to third generation and spanning different industries and sizes. The theoretical lens was imprinting theory: the idea that an organisation absorbs characteristics from its environment during formative periods, and those characteristics persist even after conditions change.

The data were unusually rich for this kind of question. Eighteen interviews with current and former board members, each lasting 90 to 140 minutes — 27.5 hours of recordings in all. Direct observation of two board meetings per firm, adding 24 hours of field notes. On top of that, archival material: agendas, minutes, briefing documents. Access of this depth is rare. Getting inside a family firm's boardroom is notoriously difficult, and it was the team's links to an Argentine executive education programme that opened the door.

That combination is the point. Surveys and archives tell you what a board looks like. Watching a meeting tells you how it behaves — who interrupts whom, which topics get quietly dropped, how a founder's silence can carry more weight than anyone else's words.

### KEY INSIGHTS

#### ***Families imprint the board through two levers***

Family influence flowed into the boardroom through what the authors call the board's authority structure, and specifically through two mechanisms. The first is role clarity — how well members grasp the line between being a director, an owner and a manager. The second is power balance — how evenly the ability to influence decisions is spread. When either is weak, family habits quietly take over the meeting.

#### ***When roles blur, the agenda drifts to management***

In several cases, family members had little sense of what a board is actually for. One admitted they had no experience as directors and did not know what a board agenda should even contain. Into that vacuum stepped whoever ran the business day-to-day. Agendas filled with operational detail. Minutes were sometimes not

taken at all. Pre-reads were thin or absent. The board stopped being a board and turned into an extended management meeting — as one member observed, there was more management than board in the room. Once that pattern sets in, it becomes the norm, and newcomers inherit it as simply how things are done.

### ***When power concentrates, deliberation collapses***

The sharpest example was a founder who, though formally retired, still came to the firm every day — Saturdays included. In his presence, what he decided was treated, in one informant's words, like a Supreme Court ruling. Where the founder dominated, others stopped challenging investment proposals, and the question of dividends went undiscussed for years. Where power was more even — typically the second- and third-generation cases — debate was livelier, the occasional vote happened, and dissent was tolerated. The credibility of an idea depended less on who had voiced it.

### ***The independent director is the antidote***

Across every case, one factor consistently rebalanced things — a genuinely independent director. Not a family friend, not a rubber stamp. These directors introduced agendas, insisted on pre-reads and minutes, coached family members on what governance actually means, and stepped in when siblings or cousins clashed. In one firm, a CEO succession was completed largely because the independent director drove it. And when an independent director left, the old informality crept straight back in — the family imprint reasserting itself within a meeting or two.

## **TAKEAWAYS FOR FAMILY BUSINESS LEADERS**

The study is set in Argentine SMEs, but the mechanics travel. Any family firm where relatives sit on the board faces the same risk: that the way the family talks at the dinner table becomes the way the board makes decisions.

### ***Separate the hats, explicitly***

- Name the roles. Make it clear when someone is speaking as an owner, a manager or a director — and that the three carry different responsibilities.
- Watch the agenda. If most of the meeting is spent firefighting operational issues, the board has drifted into management's territory.

### ***Notice who is not speaking***

Power imbalance is rarely announced. It shows up in silence — the minority shareholder who stops asking about dividends, the next-generation member who defers automatically to the founder. A board where one voice settles everything is not deliberating. It is ratifying.

## ***Treat an independent director as infrastructure, not decoration***

The evidence here is blunt. Independent directors did the unglamorous work — preparation, documentation, mediation — that families struggled to do for themselves. Remove them, and the benefits drain away fast.

## **IMPACT**

For research, the study shifts the question from *whether* family involvement affects governance to *how*. Imprinting is not only about founders embedding values decades ago; it is an ongoing process, re-stamped at every meeting, and it can run positive or negative. The authors also draw a useful distinction between two kinds of board process — the operational (agendas, pre-reads, minutes) and the behavioural (who participates, how decisions are reached). Both matter, and neglecting either weakens the board.

For practice, the message is direct. Professionalising a family board is less about adding structure on paper and more about changing what happens in the room. On this evidence, the single highest-leverage move is bringing in a true independent director — and keeping them there.

One caveat is worth stating plainly. All four firms are Argentine, and Latin American family business carries a strong streak of altruism and paternalism. The mechanisms likely generalise; their intensity may not. Founders loom large everywhere, but how readily they are challenged varies with culture.

## **RECOMMENDATIONS**

1. Audit your last three board meetings. What share of the time went to genuine board matters — control, strategy, oversight — versus operational detail? If management dominated, role clarity is your first problem.
2. Appoint at least one genuinely independent director: someone with no family or social ties, who is not expected to simply endorse the owner's view.
3. Insist on basic discipline — a circulated agenda, pre-read materials, and written minutes for every meeting. This is not bureaucracy; it is what lets directors arrive informed.
4. Name the roles out loud. Agree, as a board, when a person is acting as owner, manager or director, and hold each role to its proper remit.
5. Put succession and CEO evaluation on the agenda before a crisis forces them there. None of the studied firms evaluated a family CEO's performance, and only the firm with an active

independent director completed a succession cleanly.

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#### PUBLISHED IN



Méndez, M. E., Vazquez, P., & Botero, I. C. (2026). Inside the boardroom: how family involvement imprints board meeting processes and outcomes in family firms. *Journal of Family Business Management*, 16(2), 540–571. <https://doi.org/10.1108/JFBM-03-2025-0076>

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*Spotlight* is an online magazine that translates research from the Centre for Family Entrepreneurship and Ownership (CeFEO) at Jönköping International Business School, Jönköping University, into accessible insights for family business owners, practitioners, and policymakers.

*Spotlight* is supported by the WIFU Foundation. This partnership advances dialogue and education in responsible family entrepreneurship and ownership.

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