



# Ethical Issues in Family Business: Toward a Deeper Understanding and a New Research Agenda

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## Abstract

Family business ethics are uniquely shaped by family influence and a strong emphasis on preserving socioemotional wealth. Although research in this area has grown rapidly in recent years, it remains fragmented and underdeveloped. Advancing the field requires a more integrated approach that consolidates existing concepts and dimensions. This paper synthesizes current knowledge and proposes an integrative framework for studying ethical issues in family firms that encompasses ethical determinants, processes, and outcomes. We also examine how existing research contributes to the family business ethics literature and outline directions for future study.

**Keywords** Family business · Business ethics · Ethics · Family firms

## Introduction

Family businesses have a distinct moral infrastructure shaped by family involvement that prioritizes non-economic goals and the preservation of socioemotional wealth (SEW) (Gómez-Mejía et al., 2007; Sorenson et al., 2009). As a result, ethical behavior is often aligned with long-term and dynastic succession goals (Blodgett et al., 2011). Although research on ethical issues in family firms remains limited, studies suggest that they exhibit unique ethical dynamics that distinguish them from non-family firms (Blodgett et al., 2011). A recent review by Vazquez (2018) identifies three

main reasons for these differences. First, family firms are characterized by the dominant stakeholder role of the owning family (Vazquez, 2018). While they generally uphold ethical behavior toward all stakeholders, they tend to prioritize family members (Samara & Arenas, 2017), creating ethical challenges and expectations—including environmental, social, and moral responsibilities—that are less prevalent in non-family firms, (Sorenson et al., 2009; Vazquez, 2018). Second, family firms cultivate distinct values and goals that focus on trust (Blodgett et al., 2011), stewardship (Davis et al., 2010), and SEW preservation (Gómez-Mejía et al., 2007). The strong organizational culture within family firms

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promotes widespread acceptance of family values, which significantly shapes individual and organizational attitudes (Sharma & Sharma, 2011). These values can promote ethical and socially responsible behavior among family firm owners and successors, leading family firms to commit less wrongdoing than their non-family counterparts (Smulowitz et al., 2023). Third, family firms are built on unique social interactions and social capital derived from informal relationships among family members (Sorenson et al., 2009). These social ties play a critical role in fostering an ethical climate and reinforcing ethical behavior within the firm (Kidwell et al., 2012). These three main reasons have also been argued to be key drivers of family firm's distinctive ethical behavior in the more recent review and bibliometric study of corporate social responsibility in family firms by Mariani et al. (2023), which examines the key antecedents of such behavior.

Research highlights additional factors that shape family firms' unique approach to business ethics. As important economic pillars in rural communities, family businesses often develop strong community ties that lead to a distinctive perspective on ethical and socially responsible behavior (Niehm et al., 2008). Their social embeddedness in these communities fosters moral motives and behaviors that promote corporate social responsibility (CSR) and sustainable business practices (Hadjielias & Discua Cruz, 2024). More recently, studies have highlighted that the strong social embeddedness of family businesses can facilitate the entry of entrepreneurial families into the political system, which, in turn, can further enhance the ethical behavior of family businesses (e.g., Duran et al., 2024; Ge et al., 2019).

In addition, family businesses are often driven by concerns about identity, reputation, and image, further motivating ethical and socially responsible behavior (Bettinelli et al., 2022a; Dyer & Whetten, 2006). However, some studies suggest that family firms do not always exhibit higher ethical standards than non-family firms (Adams et al., 1996). In cases where self-serving behaviors and the protection of family interests take precedence, family firms may engage in unethical practices or demonstrate lower levels of responsibility than their non-family counterparts (Morck & Yeung, 2003).

Beyond comparative analyses, recent research has focused on the determinants and mechanisms that shape ethical behavior in family firms (Bingham et al., 2011; Mariani et al., 2023). Ethical values can be institutionalized through formal structures such as family charters (Hoy & Verser, 1994), succession plans (Gallo, 1998), and family councils (Sorenson et al., 2009), which help reinforce ethical behavior. In addition, family firms often rely on informal governance mechanisms to develop, transmit, and enforce ethical norms (Adams et al., 1996), with ethical values internalized within the family itself (Hoy & Verser, 1994). Recent studies also highlight the heterogeneity of ethical behavior among

family firms, due to differences in family characteristics, culture, and values (Déniz & Suárez, 2005), the degree of owner and family involvement (Bingham et al., 2011), individual characteristics of managers (Niehm et al., 2008), and the interaction of family involvement in ownership and family involvement in management (Campopiano et al., 2014).

Despite the growing attention to family business ethics, this area of research is still in its infancy (Vázquez, 2018). Indeed, scholars emphasize the need for deeper engagement with ethical issues in family firms in order to develop a more substantive body of knowledge that informs both theory and practice (Campopiano & De Massis, 2015; Sharma & Sharma, 2011; Vazquez, 2018). However, the field lacks a comprehensive synthesis of existing research, which is crucial to integrate different concepts and dimensions related to ethics in family firms. Such a synthesis would help identify gaps and highlight areas that warrant further investigation, thus laying the groundwork for future research.

To address these gaps and synthesize existing knowledge, this article develops an integrative framework for studying ethics in family businesses. Drawing on the broader family business ethics literature and contemporary studies on ethical issues in family business, we present our proposed framework and highlight key directions for future research. In the following, we provide a state-of-the-art analysis of the literature on family business ethics and introduce the integrative framework. We then discuss contemporary examples of research on ethical issues in family business, outline a future research agenda, and conclude with final reflections on the topic.

## Ethical Issues in Family Business: State-of-the-Art and an Integrative Framework

Over the years, family business researchers have explored various aspects of business ethics, often examining them in isolation. In this section, we review the literature on family business ethics and introduce an integrative framework that brings together these previously fragmented aspects by incorporating three key dimensions: determinants, processes, and outcomes. We then explore each dimension in detail, emphasizing their interrelationships and contributions to a deeper understanding of family business ethics.

### Ethical Determinants

A significant body of research on family business ethics has focused on identifying the determinants of ethical or unethical behavior (e.g., Blodgett et al., 2011). We define *ethical determinants* as the factors that influence ethics-related processes and outcomes. These determinants have

been studied at various levels, including the firm, the family, and individual family members.

### Firm-Level Determinants

Firm-level determinants have received the most research attention and include factors related to the organizational structure, values, and norms that shape ethical behavior. Our review identifies six key categories of firm-level factors that influence ethics in family firms (see Fig. 1): *ethical values*, *sustainability values*, *family influence*, *organizational identity*, *non-financial goals*, and *local embeddedness*.

The first category, *ethical values*, refers to organizational members' "beliefs concerning what practices are acceptable or appropriate in their organization" (Biron, 2010, p. 875). Research on family firms has examined how ethical values shape perceptions of morality, focusing on integrity, honesty (Blodgett et al., 2011), religious, and spiritual values (Bhatnagar et al., 2020; Kavas et al., 2020). Blodgett et al. (2011) highlight integrity and honesty as core ethical values, particularly in US-based family firms. Other prominent ethical values identified relate to faith, religion, and spirituality. Studies suggest that family businesses operating in highly religious contexts are more likely to be guided by deeply held religious values (Kavas et al., 2020). By integrating faith-based or religious practices, these businesses can promote selfless behavior and avoid unethical actions (Kavas et al., 2020). Similarly, when embedded as a core value, spirituality, with its focus on dharma (duty to society) and karma (acting without expectation of reward), can promote ethical behaviors such as increased engagement in corporate philanthropy (Bhatnagar et al., 2020). De Massis and Rondi (2024) emphasize the importance of family spirituality as a key driver for an entrepreneurial family to achieve social impact through ethical behavior. Organizational harmony has also

been recognized as an ethical value that promotes ethical behavior in family firms because it emphasizes respect, trust, and the well-being of others, fostering mutual respect among family business members (Ruiz Jiménez et al., 2015).

The second category of firm-level determinants are *sustainability values*. These values represent a business culture in which the achievement of environmental and social outcomes, in addition to economic outcomes, is considered important in decision-making and organizational actions (Benkert, 2021). Values such as environmentalism, globalism, and social responsibility have been shown to increase moral obligation in family firms and motivate them to prioritize care for society and the planet (Blodgett et al., 2011; Dieleman & Koning, 2020). Dieleman and Koning (2020) found that this moral obligation is even greater when sustainability values are coupled with strong religious values. Miroshnychenko and colleagues () indicate the importance of sustainability values as key drivers of family firm's willingness to embrace environmental behavior while at the same time revealing the difficulty that family firms have in executing such willingness.

*Family influence* is another category of determinants identified in our literature review and refers to the significant ownership and management presence of the family in the business, which allows them to shape practices central to the firm's strategic direction (Sirmon et al., 2008). As business ethics are critical in family firms, the owning family often takes an active role in addressing these issues and shaping business practices (Labelle et al., 2018). Our review highlights that increased family control (Bingham et al., 2011; Cui et al., 2018) increase the likelihood that family influence will shape ethical processes and outcomes in the firm. Research suggests that family firms led by CEOs or top managers from the controlling family are more likely to invest in CSR (Cui et al., 2018), fostering an ethical climate

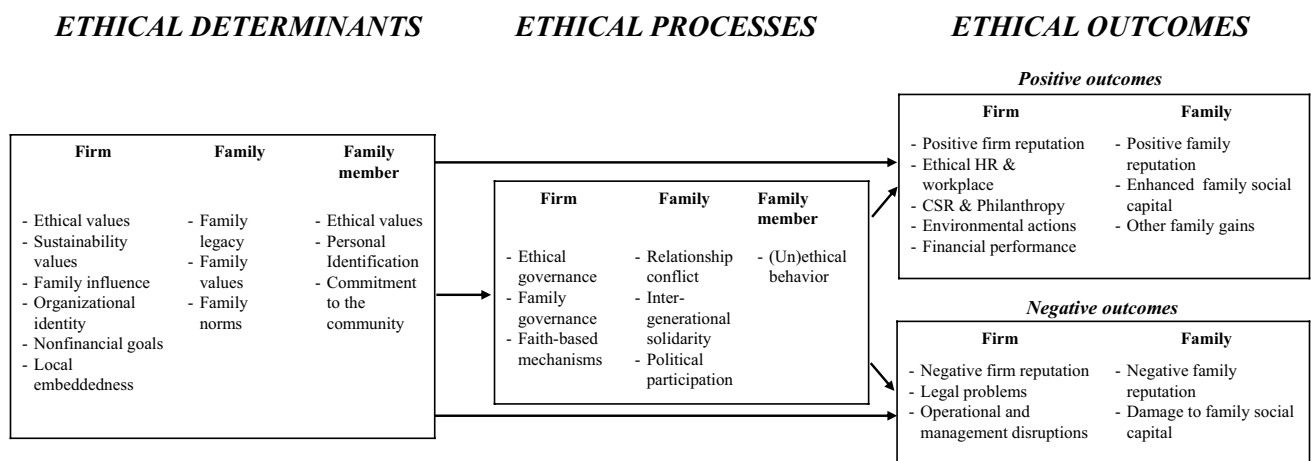


Fig. 1 An integrative framework of research on ethical issues in family business

and ethical values in the organization (Duh et al., 2010). More recently, Rovelli et al. (2025) also found that family CEO birth order is negatively related to a specific type of ethical behavior, namely CSR behavior, and positively and negatively moderated by family CEO sibship size and age, respectively.

Another category of firm-level determinants of family business ethics is **organizational identity**, referring to the “features that are perceived to be central and distinctive to an organization” (Grimes, 2010, p. 763). Research has highlighted the influence of organizational identity on ethical issues in family firms (e.g., Déniz & Suárez, 2005; Grimes, 2010). Bingham et al. (2011) found that the stakeholder identity orientation of family firms plays a critical role in determining their corporate social performance. Specifically, family firms are more likely to adopt a relational orientation toward stakeholders, promoting higher levels of corporate social performance than non-family firms (Bingham et al., 2011).

**Non-financial goals** are also recognized as important factors underpinning ethics in family firms, referring to organizational objectives that are not directly tied to financial or economic outcomes (Kotlar et al., 2018). In family firms, these goals are often related to the family’s SEW, such as maintaining dynastic control and enhancing the family’s reputation (Gómez-Mejía et al., 2007). Studies exploring non-financial goals as determinants of ethical behavior have primarily focused on SEW-related goals (Smulowitz et al., 2023). Hauswald and Hack (2013) emphasize that family firms are more likely to behave benevolently toward their stakeholders when SEW goals, such as transgenerational control and succession, are prioritized. However, the emphasis on SEW goals can sometimes undermine ethical behavior in family firms, leading to unfair practices and discrimination (Samara et al., 2021). For example, SEW goals may result in family employees being compensated more than their non-family counterparts (Samara et al., 2021).

**Local embeddedness** is another factor influencing ethics in family firms, referring to the firm’s integration into the local environment and its close relationships with local institutions such as communities, suppliers, and customers (Mu et al., 2007). In the context of family firms, local embeddedness is closely related to the firm’s ties with the local community (e.g., Hadjielias & Discua Cruz, 2024; Le Breton-Miller & Miller, 2020), which can promote ethical practices such as CSR (Le Breton-Miller & Miller, 2022), environmental stewardship (Sharma & Sharma, 2011), and sustainability (Hadjielias & Discua Cruz, 2024).

### Family-Level Determinants

A somewhat less prominent body of research on ethical determinants in family firms focuses on the family level.

Family-level determinants refer to shared values, traditions, and expectations within the family that influence ethical behavior in the family firm. Our research identifies three key categories at this level that shape family business ethics (see Fig. 1): *family legacy*, *family values*, and *family norms*.

**Family legacy**, a key feature of the family system, encompasses shared historical experiences that shape the behavior of family members, guiding them to respond consistently to situations across generations (Radu-Lefebvre et al., 2024). Family legacy has been explored in the context of family business ethics (e.g., Blodgett et al., 2011; Giacomini & Jones, 2021), with studies suggesting that ethical practices, such as the firm’s involvement in CSR or philanthropy, can be viewed as an extension of the owning family’s legacy of contributing to society across generations (Dyer & Whetten, 2006). Research also highlights that family legacy influences a range of ethical outcomes, such as corporate philanthropy and CSR (Debicki et al., 2016; Giacomini & Jones, 2021).

**Family values** refer to the values and beliefs of the owning family, often passed down through generations (Gubela et al., 2024). These values have been identified as key enablers of ethical behavior in family firms (Dieleman & Konig, 2020), including care for stakeholders (Cennamo et al., 2012), commitment to CSR (Campopiano & De Massis, 2015), and environmental stewardship (Sharma & Sharma, 2011). Honorableness (Aragón-Amonarriz et al., 2019) and religious values (Barbera et al., 2020; Kavas et al., 2020) have also been highlighted as particularly important in the family business context.

Another factor influencing ethical behavior in family businesses, though less explored, is **family norms**. These norms refer to the internalized expectations and obligations that guide family members’ behavior within the family business (Hoffman et al., 2006). Family norms such as family harmony (Kidwell et al., 2012), reciprocity (Sison et al., 2020), and philanthropy (Meyskens & Paul, 2010) have been identified as important drivers of obligation-based behaviors in the context of family business ethics.

### Family Member-Level Determinants

Family business ethics has also been identified as driven by family member determinants, referring to the personal values, attitudes, and moral reasoning of individual family members that shape ethical behavior in the family business. We have identified four key categories of factors or conditions at the individual (family member) level that are likely to influence ethics in family firms (see Fig. 1): *ethical values*, *personal identity*, *ethical conduct*, and *commitment to community*.

Family members’ **ethical values**, especially those of family business leaders such as CEOs and top managers, are critical in influencing ethical behavior in the family firm. Values

such as religiosity (Carradus et al., 2020; Maung et al., 2020) and care (Richards, 2023) have a significant impact on ethical outcomes, including organizational stewardship (Carradus et al., 2020) and CSR (Maung et al., 2020).

**Personal identification**, which refers to “the defining of one’s own attributes in terms of the attributes of another individual, group, or institution” (Watts et al., 2018, p. 278), is another factor likely to influence family business ethics. Research on personal identification and family business ethics has primarily focused on family members’ identification with the family business (Richards, 2023). Richards (2023) found that personal identification with the family business enables family members to integrate ethical values and norms, such as the ethics of care, into their business. Similarly, Reck et al. (2022) show that identification with a family business is not limited to family members, as non-family employees can also develop such identification, which helps them engage in ethical decision-making processes in the firm.

Finally, family members’ **commitment to the community**, which includes a personal sense of belonging to the community or motives to support the community (Niehm et al., 2008), can inspire key family members, such as family CEOs, to adopt more responsible ownership practices (Aragón-Amonarriz et al., 2019), make decisions that promote CSR (Lähdesmäki & Suutari, 2012), and achieve other ethical outcomes.

## Ethical Processes

Compared to ethical determinants, less emphasis has been placed on the processes that drive family business ethics. In the context of business ethics, *processes* refer to the social or psychological mechanisms that lead individuals or teams to engage in moral or immoral behavior (Fowler et al., 2019). In this paper, we use the concept of processes to capture the mechanisms that lead to ethical or unethical behavior at the firm, family, and individual family member levels of analysis, which collectively shape the unique characteristics of the family business context.

### Firm-Level Processes

From a process perspective, most research on family business ethics has focused on the firm level. We define *firm-level processes* in the context of family business ethics as mechanisms within the firm, including routines, procedures, or sets of activities (Lun et al., 2016), which contribute to ethical outcomes in family businesses. In our review, we identified three distinct firm-level mechanisms that underpin ethics in family businesses (see Fig. 1): *ethical governance*, *family governance*, and *faith-based mechanisms*.

**Ethical Governance** involves implementing ethical standards and processes in the management and control of the organization, maintaining non-corrupt practices, and consistently demonstrating social responsiveness to stakeholders (Caldwell et al., 2006). These processes relate to accountability, the practice of ethical behavior, the fair treatment of employees, and the integration of ethical values, ethical decision-making, ethical codes and standards into the firm’s governance structure (Ambrose et al., 2021; Caldwell et al., 2006), among other factors. Family business research has linked ethical governance to a variety of family business practices, including the development of mission statements and ethical standards that provide ethical direction (Blodgett et al., 2011; Krishnan & Peytcheva, 2019), the implementation of ethical decision-making processes (Reck et al., 2022), and the establishment of fair workplace processes for both family and non-family employees (Samara & Arenas, 2017). Family businesses, guided by their family orientation and focus on SEW preservation, often incorporate core ethical values, such as respect and integrity, into their mission statements, aligning their ongoing operations and strategic direction with an ethical purpose (Blodgett et al., 2011). Samara and Arenas (2017) introduced a fair process model to convey a mechanism by which a family business can achieve fairness in the workplace between family and non-family employees. The fair process mechanism should be guided by family business decision-makers’ commitment to fairness, clear specification of expectations for employees (family and non-family) that warrant preferential treatment when met, equal opportunities for both family and non-family employees to express concerns, and consistent application of decisions across individuals (Samara & Arenas, 2017). However, some family firms may pursue governance practices or behaviors that are illegal or morally unacceptable (e.g., Jiang & Min, 2023). For example, Jiang and Min (2023) found that family firms may engage in unethical behavior by concealing information to protect their limited SEW priorities.

**Family governance** refers to the governance systems, rules, and guidelines established to regulate the relationship between the family and the business (De Groot et al., 2022; Patel et al., 2018). This governance is often manifested through the creation of formal bodies, such as a family council (Scholes et al., 2021), as well as informal rules that guide the behavior of family members (De Groot et al., 2022). These mechanisms ensure that the family acts cohesively within the business, increasing SEW, and strengthening the bond between the family and the firm (Patel et al., 2018). Effective family governance has been shown to guide ethical behavior in family businesses (e.g., Aragón-Amonarriz et al., 2019; Maung et al., 2020). Meier and Schier (2021) suggest that family-related governance mechanisms, such as a family council, can have a strong influence on business decisions, especially in areas such as CSR. Aragón-Amonarriz et al.



(2019) note that when family governance includes responsible family ownership, through which the family explicitly demonstrates its commitment to stakeholders, it puts the family in a strong position to avoid opportunistic behavior and other forms of ethical misconduct. Long and Mathews (2011) emphasize the importance of social cohesion in family governance, describing it as a mechanism that helps regulate the behavior of family members to ensure compliance with the norm of reciprocity, sanction errant members, and ensure that family members act ethically and coherently in the business.

**Faith-based mechanisms** ground organizations in strong religious values and establish a framework for organizational functioning in which religion consistently plays a central role in their management, operations, and activities (Zigan et al., 2021). These mechanisms are particularly relevant in the context of family businesses, where religion often guides behavior and serves as a driving force for the pursuit of non-economic goals and SEW perseverance (Kellermanns, 2013). Although research on this topic is limited, it highlights that faith can provide a functional framework where individual employees believe that the consequences of their actions depend on their adherence to religious principles (Kavas et al., 2020). According to Carradus et al. (2020), a faith-led system in the family firm integrates deeply held values and an extended family perspective to enhance the stewardship attitudes of family members. A faith-based approach can anchor the family business in a strong religious moral code, which plays a critical role in promoting ethical behavior in the firm (Kavas et al., 2020).

### Family-Level Processes

In our review, family-level processes are conceptualized as mechanisms at the controlling family level that can influence ethical outcomes in family firms. We identified three distinct categories of family-level processes that can underpin ethics in family firms (see Fig. 1): *relationship conflict*, *intergenerational solidarity*, and *political participation*.

**Relationship conflict** refers to “perceptions of personal friction, personality clashes, tension, and grudges” that typically arise in interpersonal relationships or group settings (Simons & Peterson, 2000, p. 11–12). In family-controlled firms, the family may not always function harmoniously. Intra-family relationship conflicts can arise, leading to negative consequences for both the family and the firm (Bettinelli et al., 2022b). These conflicts may also undermine ethics in the firm (Kidwell et al., 2012). For example, Kidwell et al. (2012) found that high levels of relationship conflict can significantly disrupt the ethical climate, particularly when it impedes team-based ethical decision-making among family members.

**Intergenerational solidarity** is primarily associated with cohesion among family members from different generations (Bernhold & Giles, 2017). In business and management, this concept has been used to examine the quality of relationships among family members who control a family business (Sison et al., 2020). In family firms, intergenerational solidarity is evident “when family members’ interpersonal relationships exhibit strong loyalty and cohesiveness” (Barbera et al., 2020, p. 670). This coordination mechanism among family members allows them to align their efforts around a common purpose and decision-making process (Astrachan et al., 2020). When solidarity exists across generations, the family functions as a cohesive and harmonious unit, leading to ethical outcomes such as shared ethical commitments and expectations at the family level (Barbera et al., 2020).

**Political participation** is the process through which people act voluntarily, either alone or in groups, “to influence either directly or indirectly political choices at various levels of the political system” (Conge, 1998, p. 242). Recent research in the family business field highlights the role of “political business families” – families that own one or more family business and have members who participate in politics, either by running for office or holding elected political positions (Duran et al., 2024). Business families leverage the strong social embeddedness of their businesses and their family social capital to engage in policy-making and politicization processes (Duran et al., 2024; Ge et al., 2019). Furthermore, recent studies (e.g., Duran et al., 2024) reveal that business families view their participation in politics as a moral obligation to society and, consequently, as an opportunity to advocate for public policy and governance changes that benefit people and promote broader economic development.

### Family Member-Level Processes

Finally, family member processes refer to mechanisms that occur at the individual level of controlling family members. A critical aspect is the role of **individual (un)ethical behavior**. Ethical behavior involves an individual’s “conscious attempt to act in accordance with a personal morality in the situations, business or otherwise, which life presents” (Harris & Brown, 1990, p. 855). Conversely, unethical behavior refers to actions that violate widely accepted moral principles (Harris & Brown, 1990). In family firms, ethical and unethical behavior has often been studied in relation to the actions of family members (Kidwell et al., 2012). Dieleman and Koning (2020) suggest that family leaders engage in ethical behavior as part of a dynamic process shaped by family values and external influences such as religion, culture, and sustainability. However, some family members may engage in unethical behavior, such as opportunism or favoritism, due

to power dynamics and the influence associated with family control (Chrisman et al., 2004).

## Ethical Outcomes

A significant body of research on family business ethics has focused on ethical outcomes (e.g., Bhatnagar et al., 2020; Dieleman & Koning, 2020; Giacomini & Jones, 2021) resulting from ethical values, decisions, and behaviors (Lee et al., 2024). In our review, we distinguish between positive and negative ethical outcomes (see Fig. 1). **Positive outcomes** are those with moral content that result directly from ethical determinants and/or processes, whereas **negative outcomes** are those with immoral content that are shaped by the same determinants and/or processes.

### Firm-Level Positive Ethical Outcomes

In the context of positive ethical outcomes, we identified outcomes at the firm and family levels of analysis, but none at the level of individual family members. At the firm level, five distinct categories of positive ethical outcomes emerged (see Fig. 1): *positive firm reputation*, *ethical workplace and human resource management*, *CSR and philanthropy*, *environmental actions*, and *financial performance*.

**Positive firm reputation** refers to the overall favorable “assessment of a firm’s standing in the eyes of stakeholders” (Walsh et al., 2014, p. 166). Previous studies highlight that positive firm reputation is one of the most important outcomes of ethical behavior (e.g., Le Breton-Miller & Miller, 2020; Martin et al., 2016). Controlling family members will go to great lengths to protect and enhance their firm’s reputation by actively engaging in ethical practices and striving to avoid any misconduct that could be detrimental (Dyer & Whetten, 2006; Vazquez, 2018). According to Adams et al. (1996), family members fear being “perceived by others as behaving unethically or against the best interests of the community” (p. 161), because they see this as a major threat to their firm’s reputation.

**Ethical workplace and human resource management** outcomes are those related to equity and fairness in the workplace, making employees feel supported and valued by the organization, and providing a safe environment to express their views and concerns (Carmeli & Gittell, 2009). Family business research has explored these outcomes by examining how ethical determinants, such as values, or ethical processes, such as decision-making, can foster HR practices that ensure equal treatment of family and non-family employees (Samara & Arenas, 2017), create perceptions of fairness and justice among all employees, develop an ethical workplace climate (Duh et al., 2010), and care for employees (Davila et al., 2024). For example, Samara and Paul (2019) found that incorporating non-financial goals, especially

those aligned with the positive aspects of SEW, into a firm’s governance structures can increase perceptions of fairness and establish an ethical family business workplace.

**CSR and corporate philanthropy** are well-researched ethical outcomes in the business ethics literature, including in the family business context (e.g., Maung et al., 2020; Randerson, 2022). CSR refers to “obligations beyond the economic and legal spheres” (Coffey & Fryxell, 1991, p. 439), while corporate philanthropy refers to a firm’s “direct contribution to a charity or cause in the form of cash grants, donations, and/or linked services” (Sirgy & Lee, 2008, p. 377). Family firms often engage in CSR and philanthropic activities to a greater extent than non-family firms, and these activities are often viewed as outcomes of the family firm’s ethical operations (Cui et al., 2018; Gallo, 2004). Randerson (2022) highlights that family influence and SEW goals create the ethical framework within which family businesses uniquely pursue social responsibility. Similarly, philanthropy is seen as an extension of family business ethical behavior (Maung et al., 2020), with the moral dimension of SEW playing a deeper role in guiding family firm philanthropy (Bhatnagar et al., 2020). Family firm philanthropy, often associated with the creation of philanthropic foundations (Giacomini & Jones, 2021) and contributions to support community life (Bhatnagar et al., 2020; Hadjielias & Discua Cruz, 2024), is typically driven by SEW goals such as achieving family prominence, harmony, and continuity (Bhatnagar et al., 2020). Prior research shows that family involvement in ownership positively influences family firm philanthropy while its interaction with family involvement in management produces a negative effect (Campopiano et al., 2014).

**Environmental actions** are “those that have a primary impact on the natural environment or ecological realm” (Marcus et al., 2015, p. 461). In the family business literature, environmental actions are often grouped under the firm’s CSR (Campopiano & De Massis, 2015) or sustainability efforts (Block et al., 2024). These actions, such as proactive environmental strategies (Dou et al., 2019), environmental commitments (Block et al., 2024), and concrete initiatives focused on environmental protection (Cui et al., 2018), are closely related to family business ethics. Dou et al. (2019) found that family influence – demonstrated by long-term orientation, commitment to the firm, and SEW preservation – plays a crucial role in shaping the family firm’s ethical behavior, which encourages the adoption of proactive environmental strategies.

**Maintaining or improving firm performance** – how effectively a firm achieves its financial goals relative to its competitors – is essential for firm survival and growth (Cao & Zhang, 2011). Numerous family business studies have examined the relationship between ethics and business performance (e.g., Niehm et al., 2008; Ruiz Jiménez et al.,

2015). Ethical foundations in family firms, as reflected in ethical behaviors (Niehm et al., 2008), ethical governance (Wu, 2006), and ethical values (Ruiz Jiménez et al., 2015), have been found to positively influence firm performance. Wu (2006) shows that ethical considerations, family management, corporate governance, and firm performance are inextricably linked in family businesses. Family management plays a pivotal role in implementing ethical governance practices, which in turn has a positive impact on firm performance (Wu, 2006). Similarly, Niehm et al. (2008) found that family involvement and local community embeddedness can shape distinct and superior approaches to socially responsible behavior in family firms, leading to significant positive impacts on firm financial performance.

### Family-Level Positive Ethical Outcomes

In terms of positive ethical outcomes at the family level, these primarily revolve around *SEW gains*. SEW refers to “the non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty.” (Gómez-Mejía et al., 2007, p. 106). We have categorized relevant SEW gains that can serve as ethical outcomes at the family level into three distinct groups (see Fig. 1): *positive family reputation*, *enhanced family social capital*, and *other family gains*.

**Positive family reputation** refers to the positive public perception or image of the business family (Adams et al., 1996). This outcome is particularly important for family members involved in the firm as they strive to ensure ethical behavior in their business operations (Astrachan et al., 2020; Campopiano & De Massis, 2015). According to Adams et al. (1996), ethical behavior is not only about protecting the reputation of the business, but also the reputation of the family associated with the business. Business families place high value on maintaining an ethical focus, viewing their reputation as an asset to be preserved across generations, and recognizing its positive impact on firm functioning (Dyer & Whetten, 2006).

**Enhanced family social capital** is another critical family-level outcome associated with ethical practices in family firms. Family social capital refers to the goodwill resource and bonds of family members within and outside the firm, including both a bonding and a bridging dimension (Hadjielias et al., 2022). Bonding social capital focuses on internal family ties, while bridging social capital emphasizes external relationships between family members and non-family stakeholders (Salvato & Melin, 2008). Research suggests that ethical behavior in family firms strengthens both bonding and bridging social capital (e.g., Aragón-Amonarriz et al., 2019). Aragón-Amonarriz et al. (2019) found that responsible family ownership

strengthens internal family ties across generations, while also improving external connections with stakeholders. Similarly, Peake et al. (2017) emphasize that family members’ concern for their local communities promotes deeper involvement in local networks, thereby strengthening bridging social capital.

**Other family gains** associated with ethics in family firms include family harmony (Kidwell et al., 2012), strengthening or maintaining family control over the firm (Debicki et al., 2016), preserving dynastic succession (De Massis et al., 2008), and enhancing family identification with the firm (Richards, 2023). While these benefits have been recognized in prior research, they have not been sufficiently explored.

### Firm-Level Negative Ethical Outcomes

The second pillar of ethical outcomes addresses the dark side of ethics in family firms, focusing on negative outcomes that remain underexplored. In our review, we identified such outcomes at both the firm and family levels. Negative ethical outcomes at the firm-level fall into three distinct categories (see Fig. 1): *negative firm reputation*, *legal problems*, and *operational and managerial disruptions*.

**Negative firm reputation** refers to the negative “assessment of a firm’s standing in the eyes of stakeholders” (Walsh et al., 2014, p. 166). Several studies in the family business domain have examined the reputational consequences for firms resulting from unethical practices (e.g., Krishnan & Peytcheva, 2019; Martin et al., 2016). For example, Martin et al. (2016) suggest that unethical practices such as earnings management can significantly damage a family firm’s reputation. Similarly, Du (2015) highlights that environmental misconduct can result in significant reputational damage to the family firm.

**Legal problems** related to “non-compliance with laws and regulations” can result from unethical behavior, such as financial fraud and corruption (Jeppesen, 2019, p. 1). Family business scholars have noted that unethical behaviors, including corruption (Gallo, 1998), bribery (Jiang & Min, 2023), and financial fraud (Krishnan & Peytcheva, 2019), can expose family businesses to significant legal risks, including financial penalties and lawsuits (Bhatnagar et al., 2020).

**Operational and managerial disruptions**, which can impede the smooth functioning of daily operations or effective business management, have also been associated with unethical behavior in family businesses (e.g., Adams et al., 1996). Previous studies suggest that such disruptions may take the form of delays in strategic planning (Gallo, 1998) or poor management resulting from nepotistic behavior (Adams et al., 1996).



### Family-Level Negative Ethical Outcomes

Research on negative ethical outcomes at the family level is limited, with some studies highlighting SEW losses as a primary consequence of unethical behavior in family firms (e.g., Davila et al., 2024; Martin et al., 2016). Among these SEW losses, considerable attention has been paid to the damage caused by *negative family reputation* and unfavorable public perceptions of the business family (Adams et al., 1996). In addition, researchers have focused on the *damage to family social capital*, especially the bridging dimension, which includes social ties between family members and non-family stakeholders (Davila et al., 2024).

### Comparative Research and Heterogeneity

Ethical issues in family businesses have often been explored through comparative research between family and non-family firms (e.g., Adams et al., 1996; Bingham et al., 2011). It is increasingly recognized that family firms practice ethics in idiosyncratic ways that differ from non-family firms in their ethical determinants, processes, and/or outcomes (Vasquez, 2018). Various ethical dimensions along the proposed continuum depicted in Fig. 1 have been compared between family and non-family firms, including ethical behavior (Adams et al., 1996), CSR (Bingham et al., 2011), ethical and spiritual values (Blodgett et al., 2011), and local community engagement (Bingham et al., 2011), among others. Research generally portrays family firms more positively than non-family firms in terms of business ethics, suggesting that family firms are more likely to be driven by ethical values and engage in ethical processes than non-family firms (Vasquez, 2018). This ethical aptitude may lead to better outcomes for family firms, such as improved performance and competitive advantages over non-family firms (Bingham et al., 2011; Déniz & Suárez, 2005).

The heterogeneity of family firms is another hidden dimension of the integrative framework we propose. While certain ethical aspects of this framework have been explored in the context of family business heterogeneity, previous research highlights that ethical determinants, processes, and outcomes do not occur uniformly across family businesses. Rather, they vary in degree, helping to distinguish family businesses that exhibit higher or lower levels of ethical behavior, as well as other variations in ethical behavior (e.g., Duh et al., 2010; Randerson, 2022). Family firms have been found to exhibit heterogeneity in the determinants of business ethics, such as local embeddedness (Le Breton-Miller & Miller, 2020) and family influence (Duh et al., 2010; Labelle et al., 2018). Regarding ethical outcomes, heterogeneity has been observed among family firms in terms of CSR outcomes (Déniz & Suárez, 2005), environmental actions, environmental performance disclosure tendencies (Terlaak et al.,

2018), and negative outcomes such as the risk or propensity to engage in financial fraud (Krishnan & Peytcheva, 2019). Heterogeneity in process-related ethics has primarily been examined at the intersection of family governance and ethical behavior in family firms (Randerson, 2022).

### Contemporary Research on Ethical Issues in Family Business

Table A1 in Appendix A (Supplementary Information) presents notable examples of contemporary studies that together examine a wide range of ethical challenges and pressures faced by family businesses. In the following, we contrast and evaluate the similarities and differences among these papers, offering an insightful analysis beyond the table's descriptions.

Conceptually, a central theme in many of these studies is the emphasis on SEW as a key driver of ethical behavior in family firms (Kastanakis et al., 2025). SEW is seen as motivating various ethical actions, such as environmental stewardship (Gómez-Mejía et al., 2025), as well as influencing both exemplary and unethical behavior during crises (Miller & Le Breton-Miller, 2025). Furthermore, SEW plays a critical role in guiding family firms' commitment to long-term goals, as evidenced by their involvement in green patents (Chirico et al., 2025) and tax avoidance strategies (Cirillo et al., 2025). Family firms are also found to prioritize ethical considerations that primarily benefit internal stakeholders, such as family members and employees, rather than external stakeholders. This internal focus is reflected in studies of ethical behavior, such as those examining internal and external ethical orientations (Casprini et al., 2025) and CEO demographics that influence ethical behavior (Chin et al., 2025). In addition, family-centric governance structures have been implicated in fostering ethical challenges such as nepotism and favoritism (Chaudhary et al., 2025).

A common thread in these studies is the double-edged nature of family governance. While family businesses are generally more responsive to ethical issues and perform better in terms of social and environmental responsibility, the same governance structures that promote ethical excellence can also create ethical risks. Studies such as those by Miller and Le Breton-Miller (2025) and Nyffenegger et al. (2025) illustrate this duality, particularly in times of crisis when family firms exhibit ethical bifurcation. Ethical dilemmas in whistleblowing (Lafleur et al., 2025) and tax avoidance focus on navigating internal power dynamics and balancing family priorities, while dilemmas in environmental, social, and governance (ESG) performance and green patents revolve around aligning innovation with environmental and market demands. Several studies also highlight the significant contingencies and boundary conditions that shape the ethical

behavior of family firms. Governance mechanisms such as board composition and leadership structures are identified as critical moderators of ethical outcomes. For example, co-CEO leadership influences ESG performance (Ponomareva et al., 2025), and the presence of family CEOs can significantly influence ethical behavior (Chin et al., 2025). These dynamics demonstrate the importance of context, whether it is the cultural values of a region (Chin et al., 2025) or unique industry-specific factors (Casprini et al., 2025) that shape the ethical decisions of family firms.

The contemporary studies reported in Table A1 employ a variety of methodologies, providing a rich diversity of approaches to understanding the ethical implications in family firms. These methods include syntheses of prior research (Kastanakis et al., 2025), experimental approaches (Lafleur et al., 2025; Nyffenegger et al., 2025), survey research (Casprini et al., 2025), large-scale empirical analyses using secondary data (Chin et al., 2025; Chirico et al., 2025; Gomez-Mejia et al., 2025), and qualitative studies focusing on family and religious values (Chaudhary et al., 2025). These diverse approaches provide a well-rounded view of how ethical issues are addressed in family businesses across regions and industries. Regional studies, such as that of Chin et al. (2025), highlight the cultural nuances in ethical practices, while industry-specific research, such as that of Casprini et al. (2025), delves into the sectoral challenges and ethical strategies adopted by family firms.

Overall, these notable examples of contemporary studies make several important contributions to the field of family business ethics research. First, they advance ethical theories, particularly SEW theory, by highlighting the ethical heterogeneity and complexity of decision-making in family firms. For example, the intersection of SEW with whistleblowing and governance (Lafleur et al., 2025) expands its theoretical application. Second, the studies offer valuable policy and practical implications. For example, findings on deterrents to whistleblowing and tax avoidance underscore the need for structured governance mechanisms that balance internal and external responsibilities. In addition, research on green innovation highlights the need for tailored strategies to enhance environmental legitimacy. Third, the studies introduce significant methodological innovations, including the use of robust datasets (e.g., green patents) and multi-wave qualitative data, enriching the empirical foundation for understanding family business ethics.

## Directions for Future Research

Despite the growing body of research, family business ethics remains underexplored. As noted above, this highlights the need for greater integration and synthesis to deepen current understanding (Campopiano & De Massis, 2015;

Mariani et al., 2023; Vazquez, 2018). In the following sections, we outline key directions and research questions for future investigations of ethics in family firms, drawing on the dimensions and levels of analysis presented in our integrative framework (Fig. 1) and state-of-the-art review. Following Shepherd et al. (2021), we present these research directions by focusing on the arrows in Fig. 1, which reflect the connections between our emerging dimensions. This approach provides a broader foundation for future research, offers more opportunities to combine conceptual elements for theory development and encourages more process-oriented research in the field (Shepherd et al., 2021). In addition, our agenda includes directions for future comparative studies and research that addresses heterogeneity.

## Ethics in Family Business: The Determinants–Outcomes Nexus

While ethical determinants have been considered in studies of ethics in family business, particularly at the firm level, there is a need for a more explicit examination of how specific ethical determinants affect both positive and negative outcomes in this context. Table B1 in Appendix B (Supplementary Information) outlines some research directions and relevant questions for future studies at the determinants–outcomes nexus, encouraging family business scholars to explore this relationship not only at the firm level, but also at the family and individual family member levels—key units of analysis in family business research.

A promising direction for future research at the nexus of determinants and outcomes is the study of *values, norms, and ethical behavior*. The influence of values and norms on ethical behavior (as an outcome) in family firms is one of the most widely studied areas (e.g., Bhatnagar et al., 2020; Blodgett et al., 2011). However, several ethics-related values and norms that have been studied in other fields remain underexplored in the family business literature and offer rich opportunities for future research. These include sustainability values (Benkert, 2021), multicultural norms (Rashid & Ho, 2003), and social and cooperative norms (Scalet, 2006). These can be examined in relation to outcomes such as overall ethical behavior of family businesses or specific manifestations, including philanthropic actions and sustainable practices, among others. While much of the research on ethical values and norms has been conducted at the firm level, there are significant opportunities to examine these factors at the family and individual family member levels. This approach would contribute to a deeper understanding of how values, norms, and behaviors are manifested in family businesses. For example, family business scholars could examine how ethical values, such as sustainability or multicultural values, at the family and individual family member/manager levels influence ethical outcomes in the family business. In

addition, future studies could examine the impact of ethical values at the family or individual levels on broader business outcomes, such as performance or succession. Research could also explore how certain values or norms may lead to negative ethical behaviors in family businesses, such as detachment from family values or moral disengagement (Newman et al., 2020).

A second proposed line of research focuses on the *external environment, stakeholders, and ethical behavior*. The local embeddedness of family firms and their relationships with stakeholders have been shown to influence ethical behavior, including CSR and corporate sustainability actions (e.g., Cennamo et al., 2012; Le Breton-Miller & Miller, 2022). However, this area of research remains underexplored and represents a promising frontier for future studies of family business ethics. An important research gap is the exploration of how challenges or adversities in the external environment—such as crises, pandemics, natural disasters, digital and artificial intelligence disruptions, social media scrutiny, and stakeholder activism—impact ethical practices in family firms. While these external forces can significantly shape ethical decision-making and behavior, their impact on family firms remains underexplored. Further research is also needed to examine various aspects of stakeholder relationships, such as stakeholder trust (Pirson et al., 2017), stakeholder identity orientation (Bingham et al., 2011), and stakeholder collaboration (Garriga, 2009) in the context of family business ethical behavior and outcomes. In addition, the institutional environment, including logics and regulatory frameworks, warrants closer examination, as such external forces may shape family business ethics. Given these gaps, future research at the family firm level could focus on how external factors such as pandemics, digital and artificial intelligence disruptions, and legal frameworks influence the ethical behavior of family businesses. At the family and individual family member levels, more research is needed to examine how local embeddedness, institutional logics, and stakeholder relationships influence business ethics and shape ethical outcomes.

A third line of research is the study of *family influence, family dynamics, and ethical behavior*. Family influence and dynamics related to SEW preservation have been shown to play a critical role in shaping ethical behavior in family firms (e.g., Martin et al., 2016; Terlaak et al., 2018). However, while SEW goals have yet to be fully explored in the context of family business ethics, other factors related to family involvement, such as nepotism (Jeong et al., 2022), intergenerational dynamics (Miller et al., 2003), family members' emotions (Bee & Neubaum, 2014), family leadership (Chung & Chan, 2012), family CEO birth order, sibship size, and age (Rovelli et al., 2025), also remain underexplored in terms of their influence on ethical outcomes, whether positive or negative. Future research could examine the influence

of SEW goals, family leadership, and nepotistic behavior on a family firm's ethical practices. At the family level, studies could examine how ethical behaviors are shaped by intergenerational dynamics, family tensions, or the presence of family-boundary organizations such as family foundations or family museums (De Massis et al., 2021). In addition, research at the individual level could explore how family members' emotions and ethical leadership influence ethical decisions and behaviors in family businesses.

### **Ethics in Family Business: The Determinants–Processes Nexus**

A second dimension of future research on family business ethics lies at the intersection of determinants and processes within an ethical context. Table B2 in Appendix B (Supplementary Information) outlines several research directions and relevant questions at the determinants–processes nexus, focusing on the firm, family, and individual family member levels.

The first research direction identified, based on gaps in the existing family business ethics literature, focuses on the *determinants of ethical decision-making and strategic processes*. While ethical decision-making has received considerable attention in the business ethics literature over the past two decades, it remains largely underexplored in the family business context (Reck et al., 2022). Given the centrality of ethical decision-making as a key concept in business ethics, understanding the drivers of the ethical decision-making process and its components is essential for advancing research in the family business domain. Future research could explore inward-looking determinants related to the controlling family, such as family influence, family values, family conflict, and family legacy, and examine how these affect ethical decision-making in family firms. In addition, it would be valuable for future studies to examine how external factors, such as economic downturns, regime changes, or pandemics, affect ethical decision-making in family firms. Longitudinal approaches could be particularly useful in capturing shifts in ethical decision-making, especially in response to changing intergenerational family dynamics or evolving environmental landscapes. Research at the firm, family, and individual family member levels is critical, as these levels of analysis are central to understanding ethical decision-making in family firms. At the firm level, future studies could explore how factors such as family control, external pressures, and the historical context of the family business influence ethical decisions. At the family level, valuable insights could be gained by examining the role of family legacy, norms, conflict, and governance in shaping the ethical decision-making process. Finally, at the individual level, future work can focus on how personal values, ethical

orientation, and identification influence family managers' propensity and practices related to ethical decision-making.

The second proposed line of research focuses on the *determinants of fair, spiritual, and solidarity-based governance*. The business ethics literature highlights various forms of ethical governance, including fair workplace practices (Ambrose et al., 2021), spiritual or faith-based governance systems (Zigan et al., 2021), and governance based on solidarity with stakeholders inside and outside the organization (Miller et al., 2022). However, there is limited research and theorizing on these ethical governance mechanisms in the family business domain. Consequently, future studies could examine how fair, spiritual, and solidarity-based governance in family firms is influenced by family-specific factors such as family control, family traditions, family values, SEW goals, and family embeddedness, as well as factors shaped by family dynamics, including ethical values, ethical orientation, and emotions at work. At the firm level, research could explore how elements such as ethical business values, family control, non-financial goals, and local embeddedness drive ethical leadership. At the family level, future work could examine how business families themselves engage in or catalyze ethical governance, shaped by conditions such as family legacy, family values, and the family's integration into the local community. It would also be valuable to explore how the next generation and intergenerational dynamics contribute to changes in ethical governance practices. Research at the level of individual family members, particularly family leaders, could focus on how their emotions, personal values, and ethical orientations influence fair, spiritual, or solidarity-based firm governance. In addition, it would be pertinent to examine how individual factors such as moral disengagement and personal biases may negatively affect ethical governance in family firms.

### **Ethics in Family Business: The Processes–Outcomes Nexus**

A third avenue for future research lies at the intersection of processes and outcomes in family business ethics. Table B3 in Appendix B (Supplementary Information) outlines relevant research directions and questions related to this dimension.

The first line of research focuses on the *ethical mechanisms of performance, reputation, and social capital*. Previous business ethics research has examined how ethical mechanisms influence firm performance (e.g., Wang et al., 2017), firm reputation (e.g., Neves & Story, 2015), and social capital development (e.g., Maak, 2007), all of which are essential for business continuity and competitiveness. Various ethical processes such as ethical leadership (Sreejesh & Roy, 2024), ethical decision-making (Bagdasarov et al., 2016), and ethical governance (Gimenez & Sierra, 2013) have been studied

in relation to these outcomes. However, the mechanisms and processes that drive outcomes such as performance, reputation, and social capital development are not well understood in the family business domain. Therefore, future research should explore the relationship between ethical processes and these outcomes to provide insights into how family businesses can integrate ethics into their governance and internal processes to ensure long-term continuity. Firm-level research could examine the links between ethical decision-making and firm reputation, the impact of ethical governance modes (e.g., fair, faith-led, solidarity-based) on performance, and the relationship between responsible ownership and firm performance. In addition, future work could use inductive approaches to uncover the ethical mechanisms and processes behind the development of family firm reputation and social capital. At the controlling family level, research could explore how intergenerational solidarity and ethical leadership processes affect family reputation and bonding social capital. Studies of individual family members, such as family managers, could examine how personal ethical behavior affects firm reputation or performance, and how ethical leadership affects both. Finally, research can also explore the negative effects of ethical processes at the firm, family, or individual level on firm performance, reputation, and social capital, possibly using qualitative methods.

Another important line of research within the process–outcome nexus is *the mechanisms that shape ethical behavior*. This area focuses on mechanisms that, while not always driven by ethics-based systems or processes, may contribute to positive ethical outcomes, such as ethical behavior. Previous business ethics research has explored mechanisms such as management control systems (Rodgers et al., 2015) and strategic decision-making processes (Johnson et al., 2018). These mechanisms have been studied in relation to general ethical behavior in organizations or specific manifestations such as philanthropic actions (Tan & Tang, 2016), and sustainability-related behaviors (Bhattacharya et al., 2023). In the family business context, more research is needed to elucidate the mechanisms that underpin ethical behaviors. Specific mechanisms unique to family businesses, such as family governance and stewardship practices, should be explored to better understand how they promote positive ethical behaviors. At the firm level, research could examine the nuances at the intersection of family governance and ethical behavior, taking into account the heterogeneity of family firms. Different characteristics, such as family composition, generational stage, and family traditions, may influence how family governance is practiced, leading to different effects on ethical behavior. At the family level, processes related to interpersonal conflict and family governance warrant further exploration to understand how family dynamics shape ethical behavior. The family's political participation, as a process, also opens new avenues



for future research to explore how this process influences the moral behaviors of the business family or the family business. In addition, individual family members play a critical role in promoting ethical behavior in family businesses. Therefore, a deeper understanding of their cognitive processes and how they influence ethical behavior is essential in this context.

A third research direction within the processes–outcomes stream concerns *the mechanisms that facilitate or hinder unethical behavior*. While much business ethics research has focused on positive ethical outcomes and associated processes, a growing body of work examines the mechanisms or processes that lead to negative ethical outcomes (e.g., Rees et al., 2021). These studies examine processes that either facilitate unethical behavior, such as unethical decision-making (Stevens et al., 2012), or those that inhibit or reduce unethical behavior, such as accountability and ethical leadership (Men et al., 2020). These aspects remain underexplored in the family business field and represent opportunities for valuable future research. At the firm level, family business scholars can examine the role of stewardship and family governance as mechanisms that can prevent unethical behaviors such as fraud, corruption, and nepotism that can threaten family business continuity. At the same time, more studies are needed to examine the processes that fuel unethical behavior, such as unethical decision-making, unethical leadership, and other unethical mechanisms that can be uncovered through inductive research approaches. At the family and individual levels, research should focus on how unethical mechanisms are triggered by socio-cognitive processes within the controlling family, such as interpersonal conflict, unethical family leadership, and the transmission of misconduct across generations. Future research could also conduct comparative analyses to explore how family and non-family firms differ in the mechanisms that either promote or control unethical behavior.

## Conclusion

Family firms represent a significant proportion of businesses worldwide, yet research on their ethical behavior remains less developed than that of non-family firms. By examining the state-of-the-art and drawing on contemporary research on ethical issues in family firms, we have sought to advance the current understanding of business ethics in family firms by highlighting the complex interplay between SEW, governance structures, and contextual influences in shaping their ethical behavior. While family firms tend to outperform non-family firms in areas such as internal ethics and long-term strategies, they face unique challenges in managing external perceptions and navigating ethical duality. Building on these findings, future research can develop more comprehensive

frameworks to guide family firms in adopting sustainable and ethical practices.

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## Declarations

**Conflict of interest** The authors declare that they have no financial, personal, or other relationships that could influence the work presented in this manuscript.

**Research involving human and animal participants** No research involving human participants or animals was carried out.

**Informed consent** Therefore, informed consent was not required.

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