Pak. j. life soc. Sci. (2025), 23(1): 2989-3008 E-ISSN: 2221-7630;P-ISSN: 1727-4915

Pakistan Journal of Life and Social Sciences

www.pjlss.edu.pk

https://doi.org/10.57239/PJLSS-2025-23.1.00237

RESEARCH ARTICLE

The Audit Committee and Family Business: A Systematic Literature Review

Dr. Abdullah A. Alakkas

Assistant Professor, Department of Accountancy, College of Administrative and Financial Sciences, Saudi Electronic University, Riyadh, 11673, Saudi Arabia

ARTICLE INFO

Received: Nov 18, 2024

Accepted: Jan 19, 2025

Keywords

Audit Committee

Corporate Governance

Family Business

Systematic Literature Review

***Corresponding Author:**

a.alakkas@seu.edu.sa

ABSTRACT

The audit committee's role in corporate governance, extensively studied in the context of publicly listed companies, is equally significant within family businesses, a domain that has been less explored. With their unique blend of financial performance and family legacy, family businesses present distinct challenges and opportunities for governance structures, including the audit committee. Using the framework of Tranfield et al., (2003), this systematic literature review aims to fill this research gap by consolidating and analyzing existing research on the interplay between audit committees and family businesses. The focus is on their composition, effectiveness, and financial transparency and decision-making impact. By examining scholarly articles across diverse databases, the review identifies critical themes such as the influence of family ownership on audit committee independence, the challenges of addressing agency conflicts in family-controlled firms, and the role of audit committees in safeguarding stakeholder trust. The findings reveal gaps in the literature, particularly regarding the dynamics of family involvement in audit committees and their implications for corporate governance practices. This review provides valuable insights for academicians, practitioners, and policymakers seeking to enhance governance frameworks in family businesses, ultimately contributing to their sustainability and competitiveness in an increasingly complex business environment.

INTRODUCTION

Corporate collapses have severe consequences in worldwide markets which affect the stability and growth of local and international economies. Historically, there are many recorded cases of corporate failures happened in most of the markets around the world such as Asian financial crisis in 1997, Enron in 2001 in US, HIH the greatest corporate collapse in Australia in 2001, Mohammad Al Mojil Group (Saudi Arabian company) in 2015, and the list continues from different part of the world and in different times. Researchers have deeply investigated the causes of these downfalls from several angels. One of the key causes is the weakness of corporate governance from a legislative and application perspective. Some research examined the effects of whole corporate governance mechanism while others examined certain aspects of the corporate governance mechanism such as board committees, internal control system, reporting, transparency, and disclosure.

On the other hand, the ownership structure of the company can be a vital factor in the application of corporate governance mechanism. Researchers investigated the impact of corporate governance mechanisms on different types of owners and the impact of the owner on the mechanism. Family ownership is considered as a main type of ownership in most of the world markets. The significance of this study is gained from several factors. Initially, it is from the importance of the audit committee and family ownership which has a huge influence on producing effective and efficient corporate governance and on individual company and the market performance. In addition, it uses the systematic literature review (SLR) approach which explores the relationship between these two phenomena 'audit committee' and 'family businesses.

As there is no SLR that has yet been conducted on the relations between these two topics, this review is considered valuable because it integrates the available research and presents a synthesized knowledge base on which future research can build (Tranfield et al., 2003). Accordingly, the non-existence of a systematic review of audit committee and family business may be regarded as a gap in literature, which the present paper aims to close. This study therefore presents fruitful avenues for further research.

Rationale of the study

Family businesses, despite their dominance in the global economy and significant contributions to job creation, innovation, and long-term value generation, often grapple with governance structures shaped by the unique dynamics of family ownership. These dynamics can lead to conflicts of interest, agency problems, and challenges in maintaining transparency and accountability. As a key pillar of corporate governance, the audit committee plays a vital role in mitigating these risks by ensuring the integrity of financial reporting, overseeing internal controls, and enhancing stakeholder confidence.

Despite the growing recognition of the importance of audit committees in corporate governance, limited research has specifically examined their role within the distinct context of family businesses. These firms often face governance complexities arising from overlapping family and business interests, concentrated ownership, and informal decision-making processes, which may influence the audit committee's composition, independence, and effectiveness. Understanding the unique characteristics of family businesses and their interaction with audit committees is critical to designing governance frameworks that balance financial performance with preserving family values and legacy.

This study addresses this gap by systematically reviewing the literature on audit committees and family businesses. By consolidating and analyzing current research, the study seeks to uncover patterns, identify gaps, and provide a comprehensive understanding of how audit committees function in family-controlled firms. The findings will offer valuable insights for scholars, practitioners, and policymakers to strengthen governance practices, enhance financial oversight, and ensure the sustainability of family businesses in an evolving corporate landscape.

This research is arranged as follows. Section 2 describes the conceptual underpinnings for audit committees and family businesses. Section 3 illustrates the methodology. This section has three major sub-sections. First, planning the review generally explains the method. Second, conducting a review shows the actual search process. Third, reporting and dissemination record the findings and provide potential avenues for further research and the limitations of this paper. Section 4 presents conclusions.

2. Conceptual underpinnings

2.1 Audit Committee

Board committees enhance board accountability and maintain independent oversight over the board's activities (Harrison, 1987). The audit committee is one of the major committees on the board of directors, and it plays a critical role in corporate governance, acting as a key component in the oversight of financial reporting and internal controls. This committee is considered as a tool for establishing and monitoring the accounting processes to provide relevant and credible information to firm's stakeholders (Pincus et al., 1989; Beasley, 1996). Historically, audit committees emerged in response to financial scandals and the need for greater transparency in corporate practices. Also, it is used as a mechanism to reduce agency problems faced by the firms (Jensen & Meckling, 1976).

Therefore, its primary responsibilities include the review of financial statements, oversight of the external auditor, and monitoring the adequacy of internal control systems (Klein, 2002).

The significance of audit committees extends beyond compliance; they are pivotal in fostering a culture of accountability and ethical conduct within organizations. Research indicates that effective audit committees can mitigate risks related to financial misreporting and fraud, ultimately contributing to improved firm performance (DeZoort et al., 2002). Alhumoudi (2024) argued that the audit committee characteristic has significant influence over the financial reporting quality which also influences the external audit of the company. As the business environment continues to evolve with increasing complexity and regulatory scrutiny, the audit committee's role has become even more pronounced, making it an indispensable element of corporate governance structures worldwide (Abbott & Parker, 2004). The ongoing examination of audit committee effectiveness highlights the need for continuous improvement in their composition and practices, ensuring they can adequately fulfill their responsibilities in today's dynamic landscape.

2.2 Family Business

Family businesses play a pivotal role in the global economy, accounting for a significant portion of the world's businesses and employment. In fact, this type of company has huge influence on the country's economy, and it supports its economic growth. In Western Europe, more than 40% of large companies are family ownership (Faccio & Lang, 2002) more than half of East Asian corporations are extensive family-controlled corporations (Claessenset al., 2000). In addition, Yopie and Itan (2016) indicated that based on several empirical studies family ownership results in a high company value in Hong Kong, Australia, Singapore, Taiwan, China and Indonesia.

In Saudi Arabia, family ownership is significant in number. Alajlan (2004) indicated that about 70% of the existing companies are owned by families. Second, the family is "willing and able to wield power over the corporation" (Melis, 2005). Family ownership has unique characteristics, such as long-term orientation and strong commitment to stakeholders, which influence the management practices of listed companies. Unlike non-family firms, family businesses often prioritize legacy and sustainability over short-term profits, which can foster a culture of stability and resilience in the face of market fluctuations (Miller & Le Breton-Miller, 2006). This long-term perspective encourages effective governance practices and strategic decision-making, ultimately benefiting the overall performance of the company.

The impact of family ownership on management structures is profound, as family members frequently hold key leadership roles, promoting a unified vision and consistent strategic direction. Research suggests that this familial involvement can facilitate the firm's ability to navigate industry challenges and seize opportunities, thanks to their in-depth knowledge of market dynamics (Gomez-Mejia et al., 2021). However, the close-knit nature of family businesses may also introduce challenges, such as potential conflicts between family interests and professional management objectives, which can affect governance and operational efficiency.

3. METHODOLOGY

This study employs a systematic literature review (SLR) methodology to comprehensively analyze and synthesize existing research on the role of the audit committee in family businesses. The SLR approach ensures a rigorous, transparent, and replicable process for identifying, evaluating, and interpreting relevant academic literature.

3.1. The Systematic Literature Review (SLR) approach

This study adopts the Systematic Literature Review (SLR) approach which is considered as a fundamental feature of scientific research. It has been developed over the last decades, and it plays a major role in evidence-based practices, especially in the management field (Tranfield et al., 2003). Massaro et al. (2016, p. 767) defined SLR as "a method for studying a corpus of scholarly literature, to develop insights, critical reflections, future research paths and research questions".

There are several advantages of employing the systematic literature review approach. First, the reviewing is not limited to "a closely defined discipline" but it is open to include various disciplines relevant to the topic under review (Senftlechner & Hiebl, 2015). This empowers researchers to search in all available literature in the field and sub-fields that developed over time in a specific field. Second, SLR is a well-organized, systematic, and structured approach which facilitates searching literature in a rigorous manner. This will minimize the reviewer bias (Cook et al., 1997) because it uses explicit, structured, predefined methods to identify all relevant literature (Koelemay & Vermeulen, 2016). Third, SLR supports deep examination of the quality of the discussed topic by exploring the objectives, theoretical foundation, and methodology of the research (Xiao & Watson, 2019). It discovers the current status of the topic and research gaps (Snyder, 2019; Tranfield et al., 2003).

3.2. The Structure of Systematic Literature Review Approach

There are several guidelines for the Systematic Literature Review (SLR) approach which are mostly built on three stages that are planning, reviewing, and reporting. This research implements Tranfield et al. (2003) guideline for conducting systematic literature reviews and it benefited from other guidelines such as (Mulrow, 1994; Cook et al., 1997; Massaro et al., 2016; MacMillan et al., 2019; Xiao & Watson, 2019; Pombinho et al. 2024). The applied SLR approach consists of three main stages, and each stage has a number of phases (Figure 1).

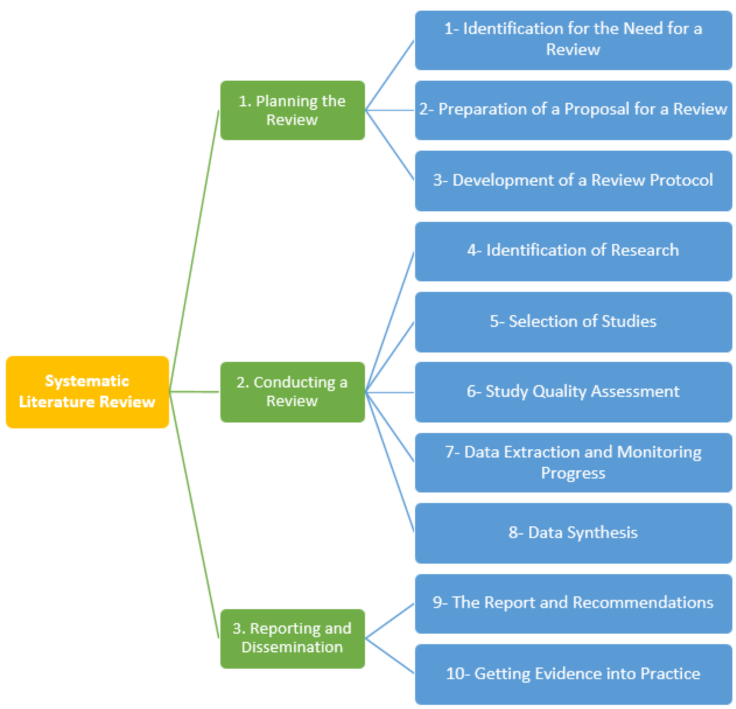

Figure 1: SLR approach according to Tranfield et al., 2003

3.2.1. Planning the Review

The first stage is "Planning the Review" which specifies definition, clarification, and refinement of the process of the undertaken review, and it assist in overviewing the relevancy and scope of the subject area or topic (Tranfield et al., 2003). This stage consists of three phases that are "Identification for the Need for a Review", "Preparation of a Proposal for a Review", and "Development of a Review Protocol".

3.2.1.1. The Need for a Review

The relationship between the audit committee and the family business is crucial in corporate governance, which has its influence over the stability and growth of the company. One of the major features of the SLR is the holistic and comprehensive review of literature which can take the studies of the audit committee and family businesses to the next level, and it will allow researchers to access new and better data on the drivers of these topics. Additionally, due to this holistic view of the available research, this review can identify the gaps in literature for developing future research work within these topics.

3.2.1.2. A Proposal for a Review

The main motivation of this review is to investigate the current situation of literature that discusses both audit committee and family business. The focus of this research will be on three questions:

RQ1: What related topics were discussed with audit committee and family business?

RQ2: What themes and subthemes were defined?

RQ3: What are the characteristics of the selected articles?

3.2.1.3. Development of a Review Protocol

According to Tranfield et al. (2003, p 215) "the protocol is a plan that helps to protect objectivity by providing explicit descriptions of the steps to be taken". Specifying the review protocol will help to minimize the researcher bias and help to replicate the search by other researchers and come up with same results (Tranfield et al., 2003).

The protocol of review involves three main steps which cover before, during and after the review. Before starting the review process, it is important to discover the significance of the selected topics; and this will assist in choosing the eligibility criteria. In summary, the family business is the largest component of the ownership structure in most of the markets in the world. Most of the studies indicated that the family members have huge influence over the management of the company. Therefore, the audit committee plays a critical role in safeguarding the company and other components in the owners of a company.

Next step is specifying the process of doing the research for the topic by focusing on the eligibility criteria which determines inclusion and exclusion conditions of literature. The last step will record and explain the findings of the review. In this step, the results will be shown and explained. Nevertheless, this study uses the Saudi Digital Library (SDL) as research engine because it has two main advantages which are (1) containing several research filters and (2) removing duplicates from the results. The review protocol is presented in Figure 2:

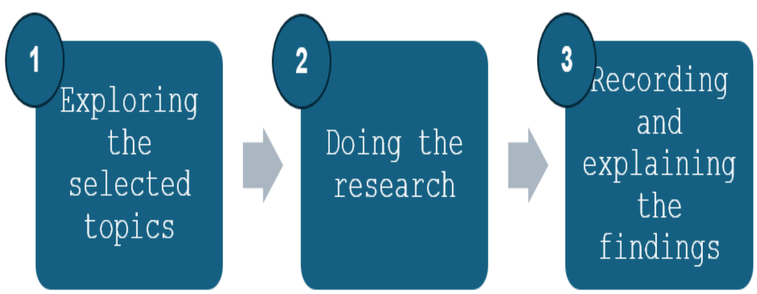

Figure 2: Review Protocol

3.2.2. Conducting a Review

The second stage of SLR is "Conducting a Review". It explains the actual search process of the review. This stage is proof that SLR is one of the most efficient and high-quality methods of research because it requires perseverance and attention to detail for identifying and evaluating extensive literatures (Mulrow, 1994). This stage involves five phases that are "Identification of Research", "Selection of Studies", "Study Quality Assessment", "Data Extraction and Monitoring Progress", and "Data Synthesis".

3.2.2.1. Identification of Research

The conducting of a review stage starts with identifying of research. This phase specifies the eligibility criteria to ensure it covers the scope of the study. The search strings must be the most appropriate identification for the study which categorizes the review (Tranfield et al., 2003).

The eligibility criteria determine inclusion and exclusion conditions of literature which will establish the elements of the search query. These criteria include in Table 1:

Table 1: Eligibility Criteria

No.	Eligibility Criteria	Explanation
1	Keywords	This review is limited to specific keywords to focus the review on the topic. So, the review will include literature that contains these specified keywords and excludes that did not contain these keywords.
2	Date Range	The review will be restricted to literature that from the specified date range. So, the literature published in these specified date range will be included and literature published outside the range will be excluded. This was chosen because there are huge developments after 2000 in the markets and regulations related to the audit committee.
3	Source Type	The review will be limited to some types due to the feature of these types and access to those sources.
4	Language	The review will be limited to one language due to translations issues.
5	Content Provider	The review will include literature form specific content provider to ensure that the sources are from high quality providers
6	Publishers	The review will include literature from specific publishers to ensure that the literature is from high quality publishers.

3.2.2.2. Selection of Studies

The second phase of conducting a review stage is the selection of studies. According to Tranfield et al. (2003, p. 215), "Only studies that meet all the inclusion criteria specified in the review protocol and which manifest none of the exclusion criteria need be incorporated into the review". Therefore, there are three important factors in selecting studies in systematic review. The first factor is searching for all relevant citations. The second factor is recording the number of found sources that included and excluded at each stage and identifying the reasons for exclusions. Third, the last founded sources will be retrieved for more evaluation, to ensure sources are not duplicated, the availability of full text of the source and the actual inclusion of the keywords.

The selection process of the review is described with the search process that taken a place. The first step of the search process started with entering in the search engine the keywords which are: 'Audit Committee' OR 'Auditing Committee' AND 'Family Business' OR 'Family Firm' OR 'Family Enterprise' OR 'Family-controlled Firm'. Note, in this step, there is no other data added into other filters. The search results reveal there were 1,314 articles. At this step, the results exclude all sources that did not include these keywords.

The second step is restricting the search to the publication date range. This restriction is added to the previous criterion which makes the filters as keywords and time range. The publication date is limited to the period between "2000" and "2024". This excludes any literature published before 2000. The search result after adding this filter is 1,200 articles. The third step is to add a new search filter that is the source type. This makes the search filters include keywords, time range, and source type. In this step, the search is limited to "academic journals" and "peer-reviewed articles" which exclude other categories of scientific publication such as books and proceedings. The search results reached 215 articles.

The fourth step is narrowing the search by choosing the language of the articles. The search query is limited to the publication that is written in "English" language and excluding all publications in other languages. This makes the search filters as keywords, time range, source type, and language. The result of this step is 212 articles. The fifth step is adding the content provider. So, a new filter is added to the search query to make it include keywords, time range, source type, language, and content provider. In this step, the included content providers are: OpenAIRE, Complementary Index, Directory of Open Access Journals, Social Sciences Citation Index, Emerald Insight, Scopus, JSTOR Journals, Springer Nature Journals, ScienceDirect. This means all sources from other content providers are excluded. The search results decreased to 181 articles.

The sixth step is restraining the search query to certain publishers. So, the publishers, as a new filter, are limited to: Emerald, Springer, Elsevier, American Accounting Association, sage publications, Taylor, Wiley, institute of certified management accountants inc., international strategic management association, centre for business & economic research, management & business administration, central Europe, journal of financial, accounting & managerial studies. This makes the search filters including keywords, time range, source type, language, content provider, and publisher. After limiting the publishers, the search results became 118 articles.

In addition, the founded article will be further scanned for more evaluation to select relevant articles to the review. First, as a feature of the SDL, the duplicated articles will be automatically removed. So, the last number of unduplicated articles is 79 articles. Next, this review will only include the full text articles. This will exclude 29 articles which do not have full access. The number of the reverent articles became 50 articles, and all those articles are downloaded in PDF. In fact, having full access to articles will assist in more examinations of the details. Finally, the articles will be inspected to ensure the inclusion of both chosen keywords in any of its forms in either “Title”, “Abstract”, or “Keywords”. This inspection results in excluding 38 articles because they did not include either both keywords, or include just one of the keywords but not the other. The final number of selected articles is 12 articles. The search process is presented in Table 2:

Table 2: Search Process

Eligibility Criteria	**Inclusion criteria**	**Results**
Keywords	‘Audit Committee’ OR ‘Auditing Committee’ AND ‘Family Business’ OR ‘Family Firm’ OR ‘Family Enterprise’ OR ‘Family-controlled Firm’	1,314 articles
Date range	Between “2000” and “2024”	1,200 articles
Source type	“Academic journals” and “peer-reviewed articles”	215 articles
Language	“English” language	212 articles
Content provider	OpenAIRE, Complementary Index, Directory of Open Access Journals, Social Sciences Citation Index, Emerald Insight, Scopus, JSTOR Journals, Springer Nature Journals, ScienceDirect	181 articles
Publishers	Emerald, Springer, Elsevier, American Accounting Association, sage publications, Taylor, Wiley, institute of certified management accountants inc., international strategic management association, centre for business & economic research, management & business administration, central Europe, journal of financial, accounting & managerial studies	118 articles
Additional evaluation		**Results**
Duplication	The duplicated articles will be removed.	79 articles
Full text	Full text articles that are downloaded in PDF	50 articles
Keywords inclusion	The article which did not cite the mentioned keywords (in any form) will be excluded.	12 articles

3.2.2.3. Study quality assessment

The third phase of conducting a review stage is quality assessment. In-depth examination will be taken in this phase to check the level of quality of the articles found. According to Tranfield et al. (2003, P. 216), “it may be possible to conduct a quality assessment of the research articles by evaluating the fit between research methodology and research questions”. In this paper, four factors were employed to evaluate the quality of these articles in order to reduce human error and bias.

First, using a strict search query and reported in detail will ensure the validity of the search process which can be the first quality check. Also, repeating the search process several times using the same flow of the search query will ensure the quality of the results. In fact, the repeatability of the search query will help to find any major variances in the results, and it will help to ensure the creditability of the results as it will not be changed every time the search has been repeated. Therefore, the search process has been repeated five times using the SDL, and the results were shown exactly the same without any major issue. The results of repeating search process is presented in Table 3:

Table 3: Results of Repeating Search Process

No.	Date	Time	Result	variances
1	17/07/2024	08:22 AM	12	No
2	18/07/2024	12:13 AM	12	No
3	20/07/2024	10:08 PM	12	No
4	24/07/2024	1:12 PM	12	No
5	19/09/2024	10:34 AM	12	No

The second evaluating quality factor of the found article is the relevancy of content of the article. This factor ensures that every found article is related to the topic under review. One of the ways of ensuring the relevancy of the article to the topic is the citation of the chosen keywords in any of the mentioned forms in either "Title", "Abstract", and "Keywords". As mentioned in the previous section, the included articles contained at least a form of each chosen keyword. The following table 4 shows the founded keywords for each article.

Table 4: Founded Keywords

Article No.	Keywords of the Article	Keywords in Abstract	Keywords in Title
1	Ownership Structure (OS); Financial Performance (FP); Gulf Cooperation Council (GCC); Oman; UAE	Family ownership; Audit committee	Audit committee;
2	Corporate Governance, Firm Value, Family, Family Firm, CEO-Family, Family Business	Family business; Audit committee	Family Business
3	Family control, internal control, firm performance	Audit committee; family firms	family firm
4	Audit committee; family firms; practice theory; substantivism and symbolism	audit committee	Audit committee; family companies
5	Family involvement, financial performance, Family firms, Corporate governance, Audit committee effectiveness, UK listed firms	Audit committee; family firms	Audit committee; family firms
6	Audit committee, Bangladesh, female directors, family firms, system GMM	Family firms; audit committee	None
7	Oman, Cost of debt, Board of directors' and audit committee effectiveness, Family and non-family firms	family firms; audit committee	family firms
8	Family firms; Fraud risk; External auditors; Client acceptance; Corporate governance	family-owned; Audit Committee	Family Firms
9	Earnings management, Ethnicity, Corporate governance, Family ownership, Audit committee	Family firms; audit committee	audit committee
10	Cost of debt, Political connections, Audit committee independence, Ethnic board diversity, Gender board diversity and family-controlled boards	Family controlled; audit committee	None
11	Audit fees; family firm; gender diversity; political connections; socioemotional wealth (SEW)	family firms, audit committees	Family Firms
12	Corporate governance, Bibliometrics, Citation analysis, Latent Dirichlet allocation, Agency theory, Director, Interdisciplinary	family firms, audit committees	None

The third factor is the relevance of the used theory in the found articles to the topic under review. As a part of checking the quality of the found articles, the used theory was evaluated (Figure 3). Eight out of twelve articles have used agency theory which is one of the popular theories in the field of corporate governance. While resource dependence theory and entrenchment theory have been used three times each. Two articles have employed stewardship theory and alignment theory. Practice memory, stakeholder theory and legitimacy theory were only used once in the found article. Finally, one article has not used any theory as it was a review. This demonstrated that most of the found articles used theories that are relevant to the topic.

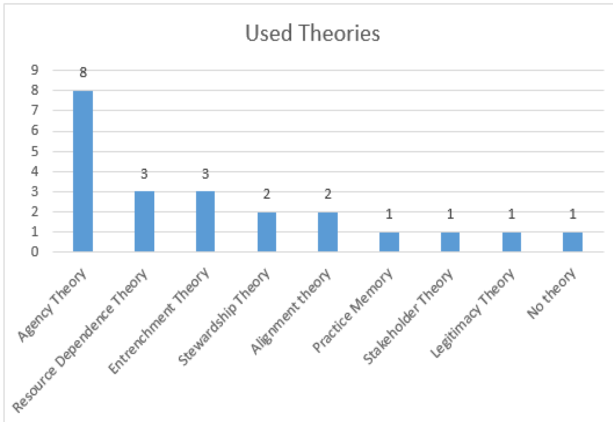

Figure 3: Used Theories

The last quality check is the ranking of the journals that publish the found articles. According to the Scimago Journal & Country Rank (SJR) 2023, It shows that five journals have been ranked as Q1. Three journals ranked as Q2. One journal is ranked as Q3. The left three journals have not been ranked in SJR (Figure 4).

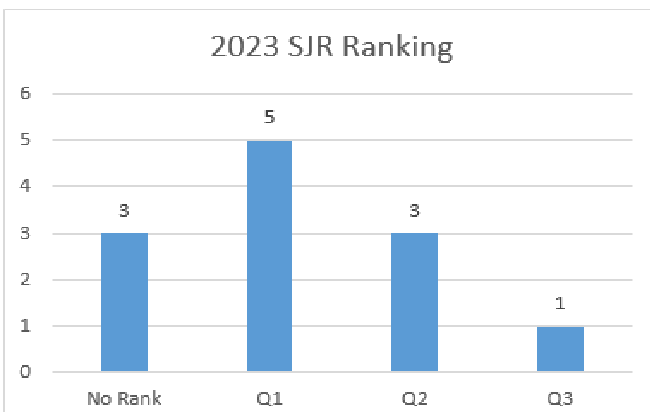

Figure 4: 2023 SJR Ranking

3.2.2.4. Data extraction and monitoring progress

The fourth phase of conducting a review stage is data extraction and monitoring process. Tranfield et al. (2003) stated that the data extraction is flexible because it is affected by the nature of the review. This study used MS Excel to tabulate the selected articles. The following table describes in detail the major information of the selected articles including date of publication, author(s), title, country of study, journal, and publication details (volume and issue).

Table 5: Data extraction and monitoring progress (Refer to Appendix A)

3.2.2.5. Data synthesis

The fifth phase of conducting a review stage is data synthesis. This phase uses textual approach to summarizing and assessing the body of evidence in the selected articles. Research synthesis is a necessary part of all systematic reviews (Tranfield et al., 2003).

3.2.2.5.1. Purpose

This section shows the purpose of selection and demonstrates causation or the factors that the research aims to explore (Table 6).

Table 6: Purpose of selection

Article No.	Purpose
1	The study aims to investigate the relationship between ownership structure (OS) and financial performance (FP) in non-financial listed companies operating in Oman and the UAE.
2	This study aimed to determine the effect of corporate governance on firm value of family companies listed in the Indonesia Stock Exchange (IDX).
3	This study aims at determining the effect of family control as measured by family ownership and family involvement on the corporate performance; and describing the influence of internal control as performed by independent commissioner and audit committee on the performance of family firms with the control variables are firm size and firm age.
4	The paper advances the symbolism debate drawing on a family governance setting in an emerging economy.
5	This paper empirically examines the relationship between audit committee characteristics and firm performance, and whether family ownership and involvement moderate the latter relationship.
6	This study aims to explore the impact of audit characteristics and gender diversity on firm performance across family and non-family firms in Bangladesh.
7	This study determines whether there is any difference in the association among the board of directors, audit committee effectiveness and the cost of debt between the family- and non-family-owned companies in the Sultanate of Oman.
8	This study tests the contradictory predictions of two dominant theoretical perspectives in family-firm research—entrenchment theory and alignment theory.
9	This paper investigates the effect of audit committee independence, board ethnicity and family ownership on earnings management in Malaysia.
10	This paper examines whether the relationship between politically connected firms (PCFs) and the cost of debt is moderated by board attributes such as audit committee independence, ethnic board diversity, gender board diversity and family controlling ownership.
11	This paper investigates the impact of family firms' political connections and board gender diversity on audit fees is still not clear.
12	This study focuses on the interdisciplinary underpinnings of corporate governance research.

3.2.2.5.2. Theories

The following table (Table 7) shows the used theory(s) for each found article. It is noticed that most of the articles have used more than one theory which means the authors of these articles employed several theories to give more explanation of the phenomena.

Table 7: Used Theories

Article No.	1st Theory	2nd Theory	3rd Theory	4th Theory
1	Agency theory	Stewardship theory		
2	Agency theory	Stewardship theory		
3	Agency theory			

4	Practice memory			
5	Agency theory	Resource Dependence theory		
6	Agency theory	Stakeholder theory	Resource Dependence theory	Legitimacy theory
7	Agency theory			
8	Entrenchment theory	Alignment theory		
9	Entrenchment theory	Alignment theory		
10	Agency theory	Resource Dependence theory	Entrenchment theory	
11	Agency theory			
12	NA			

3.2.2.5.3. Geographical Distribution

This section identifies geographical distribution of the founded articles. Based on the geographical contexts of these articles, Bangladesh, Indonesia, Malaysia and Oman were used twice as spot for conducting research. Whereas China, UAE, UK, and USA were used one time as a place for conducting the research. In the figure, the journal articles are mentioned for the article that used bibliometric analysis method, because it did not focus on a certain country or market, but it focusses on the publications that were published in the field of the study. The geographical distribution is presented in figure 5:

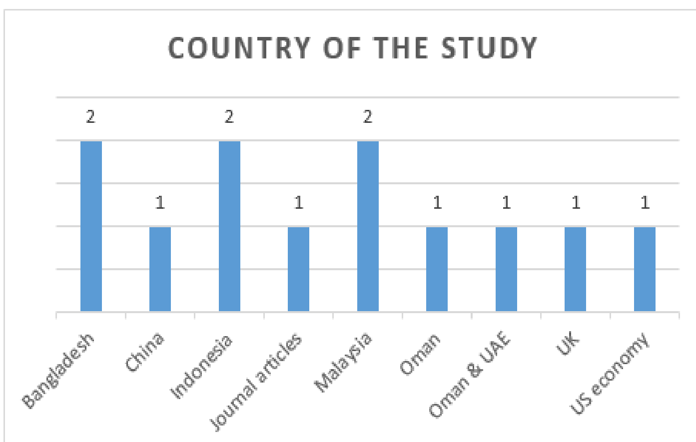

Figure 5: Geographical Distribution

3.2.2.5.4. Age Profile

Additionally, the articles covered a small rage of time period. Although, the filter of date range is used to limit the search query to a specific time period (between 2000 and 2024). The results illustrated that there are no articles, from the selected articles, that were published before 2016. The distribution of the publication year ranged as follows; three articles were published in 2020, two articles published in the year 2016, 2019, and 2023; and one article is published in the year 2017, 2021, and 2024 (Figure 6).

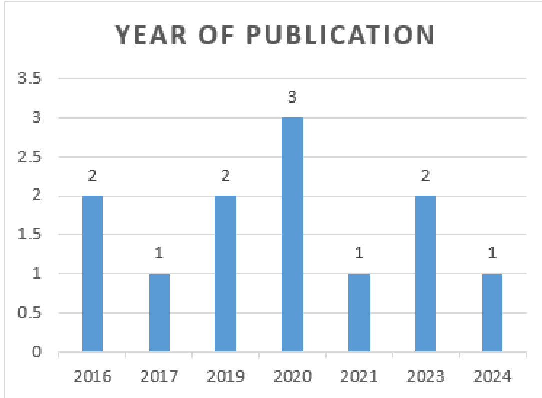

Figure 6: Year of Publication

3.2.3. Reporting and Dissemination

The third stage is "Reporting and Dissemination" which summarizes the findings of the selected article in order to explain the situation (Tranfield et al., 2003). This stage consists of two phases that are "Report and Recommendations" and "Getting Evidence into Practice".

3.2.3.1. Report and Recommendations

This phase aims to summarize and integrate theoretical approaches, methodologies, and analytical themes employed in the selected articles. It is the collective term for a family of methods for summarizing, integrating, and, where possible, cumulating the findings of different studies on a topic or research question (Tranfield et al., 2003).

3.2.3.1.1. Used Theoretical Approaches

The analysis of the selected articles revealed that most of the articles used "agency theory". While other theoretical approaches have been used along with agency theory or used independently in the article (Table 8).

Table 8: Number of articles use the theory

Theory	Number of Articles use the theory	%	Article No.
Agency Theory	8	66.67%	1, 2, 3, 5, 6, 7, 10 & 11
Resource Dependence Theory	3	25%	5, 6 & 10
Entrenchment Theory	3	25%	8, 9 &10
Stewardship Theory	2	16.67%	1 & 2
Alignment theory	2	16.67%	8 & 9
Practice Memory	1	8.33%	4
Stakeholder Theory	1	8.33%	6
Legitimacy Theory	1	8.33%	6
No theory	1	8.33%	12

3.2.3.1.2. Used Methodologies

The methodologies adopted in the selected articles can be simplified in Table 9. The research analysis indicated that eleven out of twelve articles have implemented the quantitative approach which represents 91.66%. While only one article has implemented the quantitative approach which represents 8.34%.

Table 9: The methodologies adopted in the selected articles

Methodology	Method	%	Article No.
Quantitative Approach	Two-way Random Effect Model (REM) and One-way Fixed Effects Model (FEM).	91.66%	1
	Relationship between variables		2
	Multiple Linear Regression		3
	Two-way Fixed Effects Model.		5
	System Generalized Method of Moments Approach		6
	Random Effects Model		7
	Experiment		8
	Panel Data Regression Analysis		9
	Ordinary Least Squares Model		10
	Regression Analyses		11
	Bibliometric Analysis		12
Qualitative Approach	Face-to-face Interviews and Documentary Survey,	8.34%	4

3.2.3.1.3. Analytical Themes

In this section, major themes have been identified in the selected articles. These themes are presented in Table 10:

Table 10: Analytical Themes

Theme	Sub-Theme	Number of Articles	Article No.
Ownership Structure	Family Ownership Family and Non-family Firms Family Involvement Family Control Key Actors Family Firms' Political Connections	10	1, 3, 4, 5, 6, 7, 8, 9, 10, & 11
Corporate Governance	Board of Directors Board Attributes Board Ethnicity Board's Gender Diversity Audit Committee Audit Committee Characteristics Audit Committee Effectiveness Audit Committee Independence Internal Control	10	2, 3, 4, 5, 6, 7, 9, 10, 11, &12
Corporate Performance	Corporate Performance Firm performance Financial Performance	5	1, 2, 3, 5, & 6
Extra Themes	External Auditors Audit Fees Audit Characteristics Risk of Fraud Cost of Debt Earnings Management	4	7, 8, 10, & 11

Ownership Structure

The ownership structure is a big topic and considered as one of the substantial themes since the establishment of the modern corporation concept where the separation between ownership and control is started (Berle & Means, 1932). The separation led to transferring the authority and management of running a company from owners to managers within the company. This raises various issues in relation to ownership structure, and its related topics. Also, these issues evolved with the development of the companies and markets.

One of the powerful owner types is family ownership due to many reasons like its size in the economy and their influence over the company. For example, family owners have more influence on the company's management because it is most likely that the company's manager is a member of the family. In this scenario, Gedajlovic et al. (2012) argued that there is a large alignment of the interests between owners and managers because they are from the same family.

Most of the selected articles have addressed the influence of family ownership on different topics. Like, Yudha and Singapurwoko (2017) indicated that family ownership and involvement can eliminate agency problems. Additionally, Al-Ahdal et al. (2023) stated that there are moderated effects and a positive relationship between the audit committee and family ownership on firm performance in the emerging markets.

On the other hand, other selected articles referred to the influence of these topics on family ownership. For example, Hashim and Amrah (2016) revealed that audit committee effectiveness has a significant effect on the cost of debt based on the full sample and family firms but is not significant for non-family firms.

Corporate Governance

Another big theme is corporate governance because as mechanisms it works as a valuable system to safeguard the company and its owners. There are many factors that result in a good corporate governance system which can be summarized as a high quality of the board of directors, major committees in the board, internal control systems, and other factors. These factors can be influenced differently based on the type of the owner and each of these factors in every type of ownership can be considered as a separate theme.

Meah, M. et al (2021) shows that corporate governance mechanisms in family firms are not working well and even to some extent detrimental to the firm performance. Wan Mohammad, W. and Wasiuzzaman, S. (2020) stated that family reputation and institutional culture factors have strengthen effectiveness of corporate governance in family in the developing country. In addition, Yudha, D. and Singapurwoko, A. (2017) discovered that the audit committee can be an effective mechanism for reducing agency costs by oversight of financial reporting, financial disclosure, regulatory compliance, and risk management activities. Tee, C. (2019) asserts that a highly independent audit committee promotes higher standards of disclosure in financial reporting, leading to lower risk of material misstatement or fraudulent reporting.

Corporate Performance

Both family ownership and audit committee have a considerable impact on the firm's performance because the family can influence the decisions of the company, and the committee can safeguard the company from harmful decisions. According to Karim et al. (2022) realized that there is a connection between the ownership structure of a company and its value.

Yopie, S. and Itan, I., (2016) indicated that due to the characteristics of the nonfamily managers such as professionality and productivity, in a family company managed by a nonfamily CEO is better in creating enterprise value than it managed by CEO families. On the other hand, Al-Okaily, J. and Naueihed, S., (2020) verified that their results are consistent with prior results which the characteristics of the audit committee enhance corporate performance for listed companies. Al-Ahdal, W et al (2023) illustrated that family ownership significantly impacts firms' financial performance in Oman and the overall model but not for the UAE model.

Extra Themes

There are other themes that have been mentioned in some of the selected articles.

External Auditing

Krishnan, G. and Peytcheva, M., (2019) illustrated that the external auditor can view family firms as undesirable audit clients because the possibility fraudulent risk and poor internal controls is high. Therefore, family ownership can be risky compared to other ownership structures.

Cost of Debt

Hashim, H. and Amrah, M. (2016) specified that in the family-owned businesses, the cost of debt can be substantially affected by the effectiveness of the audit committee. In addition, Tee, C. (2019) indicated that “the cost of debt in PCFs can be further reduced, provided the boards have higher audit committee independence, are ethnically diverse, have higher proportion of female directors in the board and audit committee and are controlled by family shareholders”.

3.2.3.2. Getting Evidence into Practice

This section provides insights into the findings of the research. Systematic review provides a means for practitioners to use the evidence provided by research to inform their decisions (Tranfield et al. 2003). First, it is important to note that the audit committee and family business are big topics which involve different aspects within it. For example, one question raised from the findings is ‘why most of the selected articles are outside developed markets?’. One of the possible reasons is that most ownership structure issues appeared in concentrated ownership and most of the developing markets ownership structure are concentrated. While most of the developed markets are characterized as dispersed ownership structure.

Therefore, the regulators and academics must consider the differences between family ownership in the concentrated markets and dispersed markets. Additionally, the impact of the audit committee is differed in these markets due to the influence of the power of the owners and management. Furthermore, the main limitation of this study is that it used specific keywords which limit the search to these keywords; while there are related keywords that found during the search phase such as for family business the family dominance and family company can be used. Also, some authors have used signs and punctuation marks in these keywords which make it is sometime difficult to search.

Finally, further investigation by scholars, researchers, and academicians will add value to the body of knowledge related to the audit committee and family business for better understanding and its implications in real-world settings. First, SLR highlights some important knowledge gaps about the theme and the relationships between these themes. Second, future research should study in greater detail the impact of each type of ownership and their impact on the audit committee taking into consideration the impact of culture, market, and governance system. Third, new qualitative research can obtain data through means such as interviews with family members, board members, and internal auditors to explore these concepts.

4. CONCLUSION

This study employed systematic literature reviews in the field of audit committee and family business to search, identify, extract, and select relevant articles. The purpose of this study is to explore the published literature about these concepts.

This systematic literature review highlights the critical role of the audit committee in enhancing corporate governance in family businesses. Family firms face unique challenges, such as the interplay of family dynamics, concentrated ownership, and succession planning, which directly influence the composition and functioning of the audit committee. The review identifies key themes, including the impact of family involvement on audit committee independence, financial oversight, and decision-making effectiveness. While family businesses benefit from audit committees in mitigating agency conflicts and ensuring transparency, the effectiveness of these committees is often contingent upon their independence, diversity, and alignment with governance best practices. By consolidating existing research, this study provides valuable insights for scholars, practitioners, and policymakers to strengthen governance structures in family firms.

REFERENCES

Abbott, L. J., Parker, S., & Peters, G. F. (2004). Audit committee characteristics and restatements. *Auditing: A journal of practice & theory*, *23*(1), 69-87. https://doi.org/10.2308/aud.2004.23.1.69

Al-Ahdal, W. M., Hashim, H. A., Almaqtari, F. A., & Saudagaran, S. M. (2023). The moderating effect of an audit committee on the relationship between ownership structure and firm performance: Evidence from emerging markets. *Cogent Business & Management*, *10*(1), 2194151. https://doi.org/10.1080/23311975.2023.2194151

Alajlan, W. (2004). Ownership patterns and the Saudi market. *Corporate Governance,* 9, 161-186. https://doi.org/10.1016/S1569-3732(04)09007-3

Alhumoudi, H. (2024). The impact of audit committee characteristics on financial reporting quality: Evidence from saudi arabia. *International Journal of Professional Business Review: Int. J. Prof. Bus. Rev.*, *9*(5), 5. https://doi.org/10.26668/businessreview/2024.v9i5.4644

Al-Okaily, J., & Naueihed, S. (2020). Audit committee effectiveness and family firms: impact on performance. *Management Decision*, *58*(6), 1021-1034. https://doi.org/10.1108/MD-04-2018-0422

Beasley, M. S. (1996). An Empirical Analysis of the Relation between the Board of Director Composition and Financial Statement Fraud. *The Accounting Review*, *71*(4), 443–465. http://www.jstor.org/stable/248566

Berle, A. and Means, G. (1932) The Modern Corporation and Private Property. Commerce Clearing House, New York.

Claessens, S., Djankov, S., & Lang, L. H. (2000). The separation of ownership and control in East Asian corporations. *Journal of Financial Economics*, *58*(1-2), 81-112. https://doi.org/10.1016/S0304-405X(00)00067-2

Cook, D. J., Mulrow, C. D., & Haynes, R. B. (1997). Systematic reviews: synthesis of best evidence for clinical decisions. *Annals of Internal Medicine*, *126*(5), 376-380. https://pubmed.ncbi.nlm.nih.gov/9054282/

DeZoort, F. T., Hermanson, D. R., Archambeault, D. S., & Reed, S. A. (2002). Audit committee effectiveness: A synthesis of the empirical audit committee literature. *Audit Committee Effectiveness: A Synthesis of the Empirical Audit Committee Literature*, *21*, 38-75. https://digitalcommons.kennesaw.edu/facpubs/1495/

Faccio, M., & Lang, L. H. (2002). The ultimate ownership of Western European corporations. *Journal of Financial Economics*, *65*(3), 365-395. https://doi.org/10.1016/S0304-405X(02)00146-0

Gedajlovic, E., Carney, M., Chrisman, J. J., & Kellermanns, F. W. (2012). The adolescence of family firm research: Taking stock and planning for the future. *Journal of Management*, *38*(4), 1010–1037. https://doi.org/10.1177/0149206311429990

Gomez-Mejia, L. R., Martin, G., Villena, V. H., & Wiseman, R. M. (2021). The behavioral agency model: Revised concepts and implications for operations and supply chain research. *Decision Sciences*, *52*(5), 1026-1038. https://doi.org/10.1111/deci.12547

Harrison, J. R. (1987). The Strategic Use of Corporate Board Committees, *California Management Review*, 30(1), 109-125. https://doi.org/10.2307/41165269

Hashim, H. A., & Amrah, M. (2016). Corporate governance mechanisms and cost of debt: Evidence of family and non-family firms in Oman. *Managerial Auditing Journal*, *31*(3), 314-336. https://doi.org/10.1108/MAJ-12-2014-1139

Jensen, M.C. and Meckling, W.H. (1976) Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3, 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

Karim, S., Naeem, M. A., & Ismail, R. B. (2023). Re-configuring ownership structure, board characteristics and firm value nexus in Malaysia: the role of board gender and ethnic diversity. *International Journal of Emerging Markets*, *18*(12), 5727-5754. https://doi.org/10.1108/IJOEM-01-2021-0004

Klein, A. (2002). Audit Committee, Board of Director Characteristics, and Earnings Management. *Journal of Accounting and Economics*, 33(3), 375-400. https://doi.org/10.1016/S0165-4101(02)00059-9

Koelemay, M. J. W., & Vermeulen, H. (2016). Quick guide to systematic reviews and meta-analysis. *European Journal of Vascular and Endovascular Surgery*, *51*(2), 309. https://doi.org/10.1016/j.ejvs.2015.11.010

Krishnan, G., & Peytcheva, M. (2019). The risk of fraud in family firms: Assessments of external auditors. *Journal of Business Ethics*, *157*, 261-278. https://doi.org/10.1007/s10551-017-3687-z

MacMillan, F., McBride, K. A., George, E. S., & Steiner, G. Z. (2019). Conducting a systematic review: A practical guide. *Handbook of research methods in health social sciences*, 805-826. https://doi.org/10.1007/978-981-10-5251-4_113

Massaro, M., Dumay, J., & Guthrie, J. (2016). On the shoulders of giants: undertaking a structured literature review in accounting. *Accounting, Auditing & Accountability Journal*, *29*(5), 767-801. https://doi.org/10.1108/AAAJ-01-2015-1939

Meah, M. R., Sen, K. K., & Ali, M. H. (2021). Audit characteristics, gender diversity and firm performance: evidence from a developing economy. *Indian Journal of Corporate Governance*, *14*(1), 48-70. https://doi.org/10.1177/09746862211007244

Melis, A. (2005). Corporate governance failures: to what extent is Parmalat a particularly Italian case?. *Corporate Governance: An International Review*, *13*(4), 478-488. https://doi.org/10.1111/j.1467-8683.2004.00443.x

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

Mulrow, C. D. (1994). Systematic reviews: rationale for systematic reviews. *Bmj*, *309*(6954), 597-599. https://doi.org/10.1136/bmj.309.6954.597

Pincus, K., Rusbarsky, M., & Wong, J. (1989). Voluntary formation of corporate audit committees among NASDAQ firms. *Journal of accounting and public policy*, *8*(4), 239-265. https://doi.org/10.1016/0278-4254(89)90014-8

Pombinho, M., Fialho, A., & Novas, J. (2024). Readability of Sustainability Reports: A Bibliometric Analysis and Systematic Literature Review. *Sustainability*, *16*(1), 260. https://doi.org/10.3390/su16010260

Saudi Degital Laibarary (SDL) (2024). academic search engine. Retrieved December 31, 2024, from https://sdl.edu.sa/SDLPortal/Publishers.aspx

Scimago Journal & Country Rank (SJR). (2023). Journal Ranking. Retrieved December 17, 2024, from https://www.scimagojr.com/journalrank.php?country=Asiatic%20Region&order=item&ord=desc&min=30&min_type=cd&page=6&total_size=2022

Senftlechner, D., & Hiebl, M. R. (2015). Management accounting and management control in family businesses: Past accomplishments and future opportunities. *Journal of Accounting & Organizational Change*, *11*(4), 573-606. https://doi.org/10.1108/JAOC-08-2013-0068

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research, 104*, 333–339. https://doi.org/10.1016/j. jbusres.2019.07.039

Tee, C. M. (2019). Political connections, the cost of debt and board attributes: evidence from Malaysia. *Managerial Finance*, *45*(7), 842-855. https://doi.org/10.1108/MF-04-2018-0179

Tranfield, D., Denyer, D. and Smart, P. (2003), Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic Review, *British Journal of Management,* 14(3), 207-222. https://doi.org/10.1111/1467-8551.00375

Wan Mohammad, W. M., & Wasiuzzaman, S. (2020). Effect of audit committee independence, board ethnicity and family ownership on earnings management in Malaysia. *Journal of Accounting in Emerging Economies*, *10*(1), 74-99. https://doi.org/10.1108/JAEE-01-2019-0001

Xiao, Y., & Watson, M. (2019). Guidance on conducting a systematic literature review. *Journal of Planning Education and Research*, *39*(1), 93-112. https://doi.org/10.1177/0739456X17723971

Yopie, S. and Itan, I., (2016). CEO-family vs. CEO-nonfamily: who is a better value creator in family business?. *Journal of Applied Management Accounting Research*, 14(2), 37-46. https://www.semanticscholar.org/paper/CEO-Family-vs.-CEO-Nonfamily%3A-Who-Is-a-Better-Value-Itan-Yopie/10eb5e26c8a0d57f2f6e023b30c0771195b04ab0

Yudha, D. P., & Singapurwoko, A. (2017). The effect of family and internal control on family firm performance: evidence from Indonesia Stock Exchange (IDX). *Journal of Business and Retail Management Research*, *11*(4), 68-75. https://doi.org/10.24052/JBRMR/V11IS04/TEOFAICOFFPEFISE

Article No.	Publication year	Author(s)	Title	Country of study	Journal	Vol.	No.	Theory	Methodology
1	2023	Waleed M. Al-Ahdal, Hafiza Aishah Hashim, Faozi A. Almaqtari & Shahrokh M. Saudagaran	The moderating effect of an audit committee on the relationship between ownership structure and firm performance: Evidence from emerging markets	Oman & UAE	*Cogent Business & Management*	10	1	Agency theory & Stewardship theory	Quantitative Approach
2	2016	Santi Yopie & Iskandar Itan	CEO-Family vs. CEO Nonfamily: Who is a Better Value Creator in Family Business?	Indonesia	*Journal of Applied Management Accounting Research*	14	2	Stewardship theory & Agency Theory	Quantitative Approach
3	2017	Danies Pradana Yudha & Arif Singapurwoko	The effect of family and internal control on family firm performance: evidence from Indonesia Stock Exchange (IDX).	Indonesia	*Journal of Business & Retail Management Research*	11	4	Agency theory	Quantitative Approach
4	2023	Shaila Ahmed & Shahzad Uddin	Symbolism as practice: a practice theoretical understanding of audit committee practices in emerging market family companies	Bangladesh	*Accounting Forum*	-	-	Theory of practice memory	Qualitative Approach
5	2020	Jihad Al-Okaily & Salma Naueihed	Audit committee effectiveness and family firms: impact on performance	UK	*Management Decision*	58	6	Agency theory & Resource dependence theory	Quantitative Approach
6	2021	Mohammad Rajon Meah, Kanon Kumar Sen, & Md. Hossain Ali	Audit Characteristics, Gender Diversity and Firm Performance: Evidence from a Developing Economy	Bangladesh	*Indian Journal of Corporate Governance*	14	1	Agency theory & Stakeholder theory & Resource dependence theory & Legitimacy theory	Quantitative Approach

7	2016	Hafiza Aishah Hashim & Muneer Amrah	Corporate governance mechanisms and cost of debt: Evidence of family and non-family firms in Oman	Oman	*Managerial Auditing Journal*	31	3	Agency theory	Quantitative Approach
8	2019	Gopal Krishnan & Marietta Peytcheva	The Risk of Fraud in Family Firms: Assessments of External Auditors	US economy	*Journal of Business Ethics*	157	-	Entrenchment theory & Alignment theory	Quantitative Approach
9	2020	Wan Masliza Wan Mohammad & Shaista Wasiuzzaman	Effect of audit committee independence, board ethnicity and family ownership on earnings management in Malaysia.	Malaysia	*Journal of Accounting in Emerging Economies*	10	1	Alignment effect theory	Quantitative Approach
10	2019	Chwee Ming Tee	Political connections, the cost of debt and board attributes: evidence from Malaysia	Malaysia	*Managerial Finance*	45	7	Agency theory & Resource dependence theory & Entrenchment effect theory	Quantitative Approach
11	2024	Pat Yan Cheung & Tak Yan Leung	Do Political Connections Help or Harm Family Firms? An Audit Pricing Perspective.	Chinese	*Chinese Economy*	57	5	Agency theory	Quantitative Approach
12	2020	Jeffrey D. Kushkowski, Charles B. Shrader, Marc H. Anderson, & Robert E. White	Information flows and topic modeling in corporate governance	Journal articles	*Journal of Documentation*	76	6	-	Quantitative Approach