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THE ADOPTION OF GOOD CORPORATE GOVERNANCE PRACTICES BY SMALL AND MEDIUM-SIZED

A ADOÇÃO DE BOAS PRÁTICAS DE GOVERNANÇA DE PEQUENAS E MÉDIAS EMPRESAS

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Abstract: This study examines the adoption of good practices of corporate governance and the intensity of such practices in small and medium enterprises (SMEs). We developed and tested our theoretical framework using survey data from Brazilian enterprises and factorial analysis and logistic regression. The results suggest that knowledge of benefits from corporate governance drives family enterprises to employ high levels of good practices of corporate governance while some managers feature drives family enterprises to employ low levels of such practices. On the other hand, managers features can contribute to family enterprises employ low levels of good practices of corporate governance. We extend the discussion regarding

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antecedents of good practices of corporate governance employed by family enterprises and why some of them intensify corporate governance adoption more than others do. Likewise, we offer a wider perspective, theoretically and empirically, of antecedents of corporate governance mechanisms in family firms and the intensity of this adoption. Also, the study provides subsidies to managers make decisions regarding the employment of good practices of corporate governance in family enterprises and contributes to the improvement regarding the indexes of family enterprises mortality.
Keywords: Good practices of corporate governance. Antecedents. Small and medium enterprises. Family enterprises.

Resumo: Este estudo examina a adoção de boas práticas de governança corporativa e a intensidade de tais práticas em pequenas e médias empresas (PMEs) familiares. Desenvolvemos e testamos nosso quando teórico utilizando dados de levantamento de empresas brasileiras e análise fatorial e regressão logística. Os resultados sugerem que o conhecimento dos benefícios da governança corporativa leva as empresas familiares a empregarem altos níveis de boas práticas de governança corporativa, enquanto algumas características dos gerentes levam as empresas familiares a empregarem baixos níveis de tais práticas. Por outro lado, as características dos gestores podem contribuir para que as empresas familiares empreguem baixos níveis de boas práticas de governança corporativa. Ampliamos a discussão sobre os antecedentes das boas práticas de governança corporativa empregadas pelas empresas familiares e porque algumas delas intensificam mais a adoção da governança corporativa do que outras. Da mesma forma, oferecemos uma perspectiva mais ampla, teórica e empírica dos antecedentes dos mecanismos de governança corporativa em empresas familiares e a intensidade dessa adoção. Além disso, o estudo fornece subsídios para que os gestores tomem decisões quanto à aplicação de boas práticas de governança corporativa nas empresas familiares e contribui para a melhoria dos índices de mortalidade das empresas familiares.
Palavras-chave: Boas práticas de governança corporativa. Antecedentes. Pequenas e médias empresas. Empresas familiares.

INTRODUCTION

Family enterprises are distinct from other enterprises in several aspects. This issue is supported, for example, by the founder dreams and the complex family relations, enterprise ownership and teamwork. When family enterprises are created, they seek to guarantee their success and sustainability. Later, one of the main concerns from family members is with who will succeed the founder to guarantee the enterprise sustainability (AZILA-GBETTOR et al., 2018; ESRA et al., 2016).

Another particular feature from family enterprises is the interaction of family relations in relation to the ownership and the management. In those enterprises, the corporate governance has the role to protect the family influence on the business management, since family dimension brings several particular and complex implications, as for example descendent aspects. SMEs also present challenges to corporate governance given the overlapping functions and interest between managers and owners (MUSTAKALLIO et al., 2002).

Therefore, the adoption of corporate governance mechanisms in small and medium-sized enterprises (SMEs) are driven by a different set of structures and processes from those that apply to large firms (KARAM et al., 2019; GIBSON et al., 2013; ABOR; BIEKPE, 2007; ZAHRA; SHARMA, 2004). Consequently, theoretical perspectives of the large firm governance literature will not be completely hold in family firms (GIBSON et al., 2013).

The dominant presence of SMEs as drivers of economies around the world and several theoretical aspects still unclear in the literature about those firms have attracted scholars' attention. Scholars have dedicated efforts to better understand the consequences of good governance practices on SMEs performance (UHLANER et al., 2007; GIBSON et al., 2013), however, even with the extension of governance research into both family and small and medium enterprises field, much less is known regarding the antecedents of corporate governance mechanisms in family firms and the intensity of this adoption (AZILA-GBETTOR et al., 2018; MEMILI et al., 2016; ZAHRA; SHARMA, 2004).

In order to extend family enterprises discussion, we not only explore the antecedents of good practices of corporate governance but also try to understand why some SMEs intensify corporate governance adoption more than others do. The results reveal that the knowledge of benefits from corporate governance is one of the main antecedents to family enterprises employ high levels of good practices of corporate governance. On the other hand, some managers feature work as antecedents to family enterprises employ low levels of good practices of corporate governance.

This study contributes to the literature by several ways. From the theoretical perspective, we extend the discussion regarding antecedents that drive family enterprises to employ good practices of corporate governance and why some SMEs intensify corporate governance adoption more than others do. From the practical perspective, the study can offer subsidies to managers in government and business levels to make decisions regarding the employment of good practices of corporate governance in family enterprises. Finally, the study also contributes to the improvement regarding the indexes of family enterprises mortality.

LITERATURE REVIEW

CORPORATE GOVERNANCE

Berle and Means (1932) started the discussions about the consequences of dissociation between ownership and control in organizations. The authors also highlight the need in knowing the relations between owners, managers and stakeholders from the anonymous society and how they can affect the enterprise functioning.

An agency relationship is like a contract where the principal (one or more people) delegate an agent (another person) to perform services in his/her favor, passing the authority in decision making for the agent. Agent and principal seek to minimize their profits, developing controls that align their interests (JENSEN; MECKLING, 1976).

Perrow (1986) evidenced three central assumptions to the agency theory. First, stakeholders maximize their own interests. Second, social life is a set of contracts determined by own competitive interest. Finally, monitor contracts generate costs and become ineffective in organizations, facilitating the behavior by the own interest to escape from the work and frauds. Sharma (1997) relates that agency theory highlights the variable level in which mostly of the organizational theories recognize the asymmetry of power in organizations and makes that will be considerate conditions by which organizations may promote the behavior from own interest and from others.

While we have from one side the agency perspective centered on managing the agency costs, on the other hand, governance is focused on reducing agency costs (LETZA et al., 2008). There is not only and universal definition for corporate governance. However, mostly theoretical from this topic consider or define corporate governance as mechanisms developed for that the company will be manager, direct and control according to its investors interests (shareholders) (LA PORTA et al., 2000; SHLEIFER; VISHBY, 1977).

Corporate governance is defined as a set of mechanisms employed to manage the relationship among the stakeholders and to determine and control the strategic direction and organizations performance (NASCIMENTO et al., 2014; BRUNNINGE et al., 2007). Thus, corporate governance changes according to the country, but in its essence, corporate governance is focused in identifying ways to guarantee that the firms 'strategic decisions will be taken in an effective way, providing harmony among stakeholders from whom interests can generate conflicts (PRASHAR; GUPTA, 2020; RIBEIRO et al., 2021).

For Brazilian Institute of Corporate Governance, the corporate governance represents a set of practices by which the enterprises are directed, monitored, through rules, procedures of relationships among shareholders, board of directors, board, auditing board, independent auditing, and stakeholders, with the objective in increasing the administrative effectiveness and optimize operational performance in order to facilitate the access to capital.

For Jensen (1993), there are four distinct groups of corporate governance mechanisms: 1) mechanisms of capital; 2) legal, regulatory and political system; 3) products market and production factors; and 4) mechanisms of internal control. Besides the mechanisms of internal control, the company can establish external controls, according to the environment where this company is installed (AGUILERA et al., 2015; TRAMBACOS et al., 2021).

Mechanisms of internal controls seek to supervise the board of directors and create norms and codes regarding the ownership structure. Board of director is the main mechanism of corporate governance inside the company and his/her role is define the strategies and monitor the management, protect, and value the property, maximize the investment return, and avoid situations of interest conflicts (PRASHAR; GUPTA, 2020).

Mechanisms of external controls – as legal system, rating agency, media and accounting standards – are efficient when they have the capability to directly influence the corporate governance from the companies and their internal mechanisms. Thus, different configurations of internal and external corporate governance mechanisms help to understand what factors and conditions take a more effectiveness corporate governance (AGUILERA et al., 2015). In this case, the quality of corporate governance approaches several structures of supervision and control such as the characteristics of board of directors, ownership structure, compensation of directors, among others (RIBEIRO; SOUZA, 2022).

FAMILY SMES

There is no consensual definition that limits a single concept that feature an enterprise as small, medium or large given the differences between countries, economy and population. On the other hand, there are indicators that characterize in which category the enterprise belongs, such as annual turnover and the number of employment (BERISHA; PULA, 2015).

In relation to family enterprises, their ownership structure is from family link, the owners have connection with the family for two generation, and the begging of the enterprise is connected to a family or maintain family members in the business administration (MASEDA et al., 2015). We also can highlight some features regarding these enterprises as a succession of managers that are connected by heredity. Institutional values are identified with the founder or family's last name and family members influence on management business occupying manager positions (MOKHBER, et al., 2017; CHU, 2011; HE, 2008).

Felício and Galindo Villardón (2015) state that a characterization of the enterprise as family must contemplate some essential aspects, as for example: type of family control, management succession, property transference, family management, operational traineeship of the enterprise, management influenced by the family, particular property, traditions and family values. Mokhber et al. (2017) relate that on the literature about family enterprises, several studies define these enterprises when one or more individuals are members from the controller family and managers.

Since the interests of conflict are related to family, management and ownership (KREUZBERG et al., 2020), the relevance from the benefits in adopting good practices of corporate governance for this type of organization is connected to the interest's alignment and minimizing conflicts that (i) provide more transparency in process of succession, (ii) support the monitoring of management, perpetuity of the organization, and process of decision making, and (iii) facilitate and amplify the access to capital for investments.

CORPORATE GOVERNANCE IN FAMILY SMES

The focus from the studies about corporate governance in family SMEs evolve over time. Scholars changed their analysis focus to the structure and entities of individual governance, more specifically studies have paying attention on the role of board directors from family enterprises (GIBSON et al., 2013). These studies are concentrated in a different approach emphasizing the corporate governance as a whole, enterprise management, its owners and family and the performance (GIBSON et al., 2013; PIEPER, 2003).

Scholars also have dedicating efforts to understand how family governance affects enterprises performance and how this can affect the decision making in these enterprises (SUESS, 2014). Moreover, studies have explored the governance in systems employed by the family enterprises inside commercial contexts, features from family enterprises and the relevance from stakeholders (CORTÉS; BOTERO, 2016; STEIER et al., 2015).

Family involvement causes conflict in three interfaces: business-family, family property and property-business-family, generating conflicts related to the family. Consequently, generating conflicts related to the family (QIU; FREEL, 2020). Thus, elements as shareholders agreement, family assembly, family protocols, family offices, board of directors, shareholders and fiscal, internal and external auditors are relevant mechanisms for the adoption of corporate governance in family enterprises. The creation of rules and agreements provide transparency to the actions from the family members in order to reduce the partiality and minimize interest conflicts (KUSSUDYARSANA et al., 2019).

Board of family enterprises, for example, has the objective to encourage the integration and family union in relation to the subjects of the enterprises. Those board also (1) defines meeting agenda, (2) promotes the communication between the family members and other entities from the enterprise, (3) elaborates a family status with values and mission of the family, protocol guidelines and rules, and (4) stablishes agreement among the partners in relation to the governance, transference of actions and inheritance (SCIASCIA; MAZZOLA, 2013; GARCÍA-RAMOS; GARCIA-OLALLA, 2011).

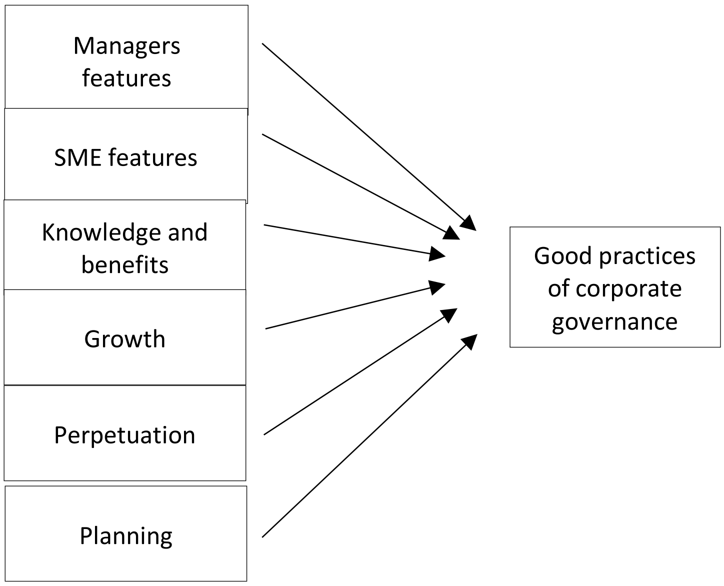
For Cortés and Botero (2016) the comprehension of corporate governance requires considerate the benefits and challenges that the engagement of family brings to the enterprise. However, the adoption of good practices of corporate governance in family SMEs will depend on the abilities and vision from the founders and managers. They need to comprehend that this employs good practices of corporate governance will generate benefits and positive results to the organization, since planned and adjusted for each reality.

Although the increasing interest from scholars to understand SMEs, studies about the adoption of good practices of corporate governance in family SMEs are limited, mostly concentrate their analysis focus on developed economies, or analyze the corporate governance effects on firms' performance. There is empirical evidence that the adoption of good practices of corporate governance will bring benefits (the same that large companies achieve) to SMEs. Such benefits are obtain third-part resources, and improve the image from the enterprise and management practices.

However, the employment of good practices of corporate governance also can represents some disadvantages to the enterprises. For example, the increasing of operational costs from the implementation and maintenance of good practices of corporate governance, especially when such practices are not adapted to the real context of the enterprises or the presence of resistance by the family in share the management control (ABOR; ADJASI, 2007).

Taking in consideration the statements from the literature regarding the adoption of good practices of corporate governance in family and SMEs, Figure 1 shows our conceptual model.

Figure 1 – Conceptual model



Source: Authors own creation.

METHODS

This study aims to explore the antecedents of good practices of corporate governance and the intensity of such practices in family SMEs. To achieve this objective, a survey-based quantitative approach is adopted. The use of survey is appropriate in this study because it is possible to explore the antecedents of good practices of corporate governance and the intensity of such practices in Brazilian family SMEs with empirical evidence.

The sample studied in this research corresponds to 80 family SMEs located in Santa Catarina state (South region from Brazil). In this study, SMEs are featured through its gross operational income and family enterprises are featured through their beginning is connected to a family and maintain the members of the family in the business administration (CHU, 2011; HE, 2008). The contact with the enterprises was through e-mail available on database called Industrial Guide of the Federation of Industries of Santa Catarina (FIESC). For this, we consider the following definitions:

The survey instrument was adapted from Oliveira, Aragão and Rodrigues's study (2010), and its questions were structured in three main dimensions: 1) respondents and enterprise profile; 2) knowledge and benefits from the good practices of corporate governance; 3) relevance in employing good practices of corporate governance, measured on a five-point scale (where 1 = no importance; and 5 = extreme importance (please, see Appendix A for survey details).

To analyze the data, we adopted multivariate data analysis: factorial and binary logistic regression, with the support from Stata version 13.0. The factorial analysis was adopted to analyze the structure from the data of perception that were obtained by the five-point scale (dimension 3 from the survey: relevance perception of the good practices of corporate governance). It was possible to identify three factors through the Eigenvalues criterion greater than 1.0 and the percentage curve of explained variance by component in the chart scree plot, denominated: 1) growth; 2) perpetuation; 3) planning.

The good practices of corporate governance analyzed were a) agreement of shareholders; b) ethical and conduct code; c) family protocols or family board; d) planning for the succession process; e) board of directors or advisory board; f) supervisory board, internal controls; g) external auditing; h) informal family meeting or regular family meetings; i) none of such practices. We categorized the good practices of corporate governance as dummy variables (where 1 = Present good practices; and 0 = Not present good practices). To capture the intensity of such good practices of corporate governance employed by surveyed enterprises, we construct the variables "high" and "low" to represent the first and the last quartile in adopting all the good practices of corporate governance.

On binary logistic regression the general model used was: good practices of corporate governance $(\ln(p/(1-p))) = \beta_0 + \beta_1$ Managers profile $+ \beta_2$ Enterprises profile $+ \beta_3$ Knowledge and benefits of practices governance $+ \beta_4$ Practices governance relevance $+ \varepsilon$ (1).

Where p is the probability $(\ln(p/(1-p)))$ of enterprises employ good practices of corporate governance; β_0 indicates the constant from the model, from β_1 indicates managers profile, which are: age, gender, instruction level, and professional qualification; β_2 indicates the enterprises profile, represented by the formation of the corporate structure and generation of founder family; β_3 indicates the knowledge and benefits of good practices of corporate governance; β_4 indicates the relevance of good practices of corporate governance, represented by the factors growth, perpetuation, and planning; finally, ε represents the error.

RESULTS

In relation to the general profile of the surveyed SMEs, most family SMEs are from the services (51%), the trade (26%) and industries (19%). These results are aligned with the results published by the Brazilian Institute of Geography and Statistics (IBGE) and by the Economic Development Secretariat of Santa Catarina, in relation to the state Gross Domestic Product (GDP), where the enterprises from the industry and trade sectors represent 67% of GDP state, and the industries represent 27%.

According to the objective of this study, all the enterprises surveyed are characterized as SMEs. In 57% of the enterprises, private individual that compose the corporate structure belong the founder family, and in 65% of the enterprises do not exist external shareholders from the founder family.

The factorial analysis of the items from the dimension 3 of the survey (relevance in employing good practices of corporate governance), indicates that there are three latent dimensions. Therefore, we adopted the principal component analysis and varimax rotation. We also considered as criterion Eigenvalues greater than 1.0 and the percentage variance curve explained by component in the chart scree plot. KMO test (Kaiser-Meyer-Olkin) was significative and presented the value of 0.9185, suggesting the adequation of the factor analysis. The three latent dimensions were denominated as: Factor 1 – Growth; Factor 2 – Perpetuation; Factor 3 – Planning. Taking together, these factors explain around 91% of the variance of the items in dimension 3 of the survey. Table 1 summarizes the explained variance of the factors:

Table 1 - Factors from factorial analysis

Factor	Variance	Difference	Proportion	Cumulative
Factor 1	6.73809	1.28253	0.3880	0.3880
Factor 2	5.45555	1.90594	0.3142	0.7022
Factor 3	3.54961	.	0.2044	0.9067

Source: Authors own creation.

Table 2 shows the results of the binary logistic regression with the dependent variable good practices of corporate governance and their intensity represented by high and low. Models 1 to 4 corresponds to the high good practices of corporate governance, while Models 5 to 8 corresponds to the low good practices of corporate governance.

Table 2 - Results from binary logistic regression

Variables	High adoption of GPCG				Low adoption of GPCG		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Knowledge	-0.29			48.9	-0.052		21.3
	(0.39)			(.)	(0.58)		(.)
Benefits	0.34†			15.6	-0.57		0.64
	(0.21)			(.)	(0.59)		(.)
Growth	-1.21***			-64.5	2.48**		43.1
	(0.36)			(.)	(0.87)		(.)
Perpetuation	-0.36			-17.5	3.99**		-53.3
	(0.76)			(.)	(1.23)		(.)
Planning	-1.04†			-54.3	3.51*		69.7
	(0.59)			(.)	(1.53)		(.)
Peo_found_fam (2)		-15.1***		-148.1			50.0
		(1.54)		(.)			(.)
Peo_found_fam (3)		-13.7***		324.2			287.4
		(1.77)		(.)			(.)
2nd generation		-1.93†		-108.2			39.6
		(1.08)		(.)			(.)
3rd generation		-1.31		-6.36			-88.0
		(1.86)		(.)			(.)
Memb_ found_fam (2nd)		-1.24		-162.6			-42.6
		(1.21)		(.)			(.)
Memb_ found_fam (3rd)		-3.10*		-197.8			-97.8
		(1.58)		(.)			(.)
Founder active		-1.12		75.8			68.9
		(1.35)		(.)			(.)
External shareholder (2)		-0.48		326.9			-25.1
		(1.13)		(.)			(.)
Legal form (EIRELI)		-16.2***		146.5			0
		(1.31)		(.)			(.)
Legal form (EI)		-16.8***		0			0
		(.)		(.)			(.)
Gender			0.79	-39.1		-1.66	-27.6
			(1.03)	(.)		(1.38)	(.)
Age			-0.19	-50.4		0.44	68.2
			(0.42)	(.)		(0.94)	(.)
High school course			-2.18	45.9		1.78	71.5
			(1.87)	(.)		(2.10)	(.)
Undergraduate course			0.91	-23.8		-0.96	94.9
			(1.82)	(.)		(1.90)	(.)
MBA course			1.99	-128.5		0	0
			(2.77)	(.)		(.)	(.)
Counter			-3.90*	-4.30		3.41	129.4
			(1.65)	(.)		(2.81)	(.)
Lawyer			-1.33	0		0	0
			(1.93)	(.)		(.)	(.)
Industry			1.50	135.1		-1.15	-149.5
			(1.29)	(.)		(1.24)	(.)
Services			0.91	61.0		-1.65	-55.4
			(1.02)	(.)		(2.00)	(.)
Corporate structure (2)			1.44	366.7		-1.55	-117.1

			(1.11)	(.)		(1.36)	(.)
Corporate structure (3)			1.71	-67.8		-2.03	-153.8
			(1.34)	(.)		(1.63)	(.)
Corporate structure (>3)			0.77	0		0	0
			(2.00)	(.)		(.)	(.)
Enterprise partner			-0.16	248.7		-1.11	35.2
			(1.52)	(.)		(1.68)	(.)
Small_Enterp			0.24	-17.7		0	0
			(1.07)	(.)		(.)	(.)
Constant	2.33	18.6***	0.37	-598.4	-3.26	-0.33	-454.9
	(2.81)	(1.38)	(3.04)	(.)	(4.24)	(3.24)	(.)
Prob χ^2	0.0059	5.4e-79	0.045	.	0.0049	0.65	.
Observations	80	65	64	45	80	35	31
Pseudo-R^2	0.23	0.23	0.26	1	0.46	0.18	1

Source: Authors own creation.
Note: † p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001.

DISCUSSION

In this study, we analyzed the adoption of good practices of corporate governance and the intensity of such practices in family small and medium enterprises. We tested the theoretical framework using a dataset from small and medium Brazilian family enterprises.

In Model 1, the level of knowledge from the benefits of the good practices of corporate governance was positive and significative (β= 0.34, p < 0.10). This result suggests that when the managers present a better knowledge of the benefits of good practices of corporate governance, consequently this positively contributes for the adoption in high levels of good practices of corporate governance. On the other hand, the factors growth (β= -1.21, p < 0.00) and planning (β= -1.04, p < 0.10) were negative and significative. These results suggest that the recognition by managers of the relevance of good practices of corporate governance for the growth and the planning for the enterprise, by itself, do not reflect in employing high levels of good practices of corporate governance.

Results from Model 2 shows that the number of people from the founder family affects in adopting good practices of corporate governance (β= -15.1; -13.7, p < 0.001). Moreover, the generation from the founder family (β= -1.93, p < 0.10) and the members from the founder family in the business administration (β= -3.10, p < 0.05) negatively and significantly affect the adoption of high levels of good practices of corporate governance. The absence of partners, illustrated by EIRELI (β= -16.8, p < 0.00) and EI (β= -16.2, p < 0.00), also negatively affects on high level of good practices of corporate governance by the surveyed enterprises.

In Model 3, the professional qualification from the counter negatively affects in adopting high levels of good practices of corporate governance (β= -3.90, p < 0.05). Although this result was not significant, Models 6 (β= 3.41, p > 0.05) and 7 (β= 129.4, p > 0.05) are in line with results from Model 3. In other words, the results indicate that the counter contributes for that the family SMEs present low levels of good practices of corporate governance.

We also individually analyzed the good practices of corporate governance. In relation to the adoption of shareholders agreement, we verified that the professional qualification from the counter was positive and significative (β= 2.29, $p < 0.10$) in relation to the administrator. In the same way, for the adoption of the shareholder agreement, was positive and significative for the corporate structure, indicating an increasing in the chances and in the significance when the number of shareholders increase (β= 1.88, $p < 0.05$; β= 2.05, $p < 0.05$; β= 4.50, $p < 0.01$). These results suggest that when the number of people in corporate structure increases, the probability of family SMEs adopt the shareholder agreement also increases.

In relation to the ethical and conduct code, the age (β= 0.78, $p < 0.05$) was positive and significative, while the number of people from the founder family (β= -17.11; -15.4, $p < 0.01$), external shareholders (β= -17.4, $p < 0.01$) and legal form (β= -16.8; -16.01, $p < 0.01$) were negative and significative.

Regarding to the planning of the succession process, the professional qualification of the counter (β= 3.29, $p < 0.01$) and the generation of the founder family (β= 1.23, $p < 0.10$) were positive and significative, suggesting more chances in family SMEs employ good practices of corporate governance. However, the business field (industry) (β= -1.54, $p < 0.10$) and the level of knowledge (β= -0.29, $p < 0.10$) were negative and significative, suggesting less chances in adopting good practices of corporate governance.

In relation to the board of directors or advisory board, the age (β= 0.53, $p < 0.10$) and the professional qualification from the counter (β= 2.09, $p < 0.10$) were significative and positive, suggesting more chances in adopting good practices of corporate governance. Regarding the creation of fiscal boards and internal controls, the professional qualification from the counter (β= 2.02, $p < 0.01$), legal form (β= 1.82, $p < 0.01$) and planning factor (β= 0.58, $p < 0.05$) were positive and significative, suggesting more chances in adopting good practices of corporate governance.

Results from the external auditing, the generation of the founder family (β= 14.0 $p < 0.01$; β= 17.0, $p < 0.01$), external shareholders (β= 2.13, $p < 0.10$) and perpetuation factor (β= 0.66, $p < 0.10$) were positive and significative, suggesting more chances in adopting good practices of corporate governance. However, the legal form (β= -2.67, $p < 0.10$) and the corporate structure (β= -15.1, $p < 0.01$; β= -15.9, $p < 0.01$) were negative and significative, suggesting less chances in adopting good practices of corporate governance. Table 3 summarizes the significative results from the individually analysis of the adoption of good practices of corporate governance.

Table 3 - Summary of results in relation to the adoption of BPGC

GPCG	Factor	Itens significative	Effect
Agreement of shareholders	Managers features	Professional qualification from the Counter	+
	SME features	Corporate structure	+
Ethical and conduct code	Managers features	Age	+
	Managers features	People from the founder family	-
	SME features	External shareholders	-
	SME features	Legal form	-
Planning for the succession process	Managers features	Professional qualification from the Counter	+
	Managers features	Generation from the founder family	+
	SME features	Field of business (Industry)	-
	Knowledge from the benefits	Level of knowledge from the benefits of GPCG	-
Board of directors or advisory board	Managers features	Age	+
	Managers features	Professional qualification from the Counter	+
Fiscal board e internal controls	Managers features	Professional qualification from the Counter	+
	SME features	Legal form	+
	Planning	Planning factor	+
External auditing	SME features	Members from the founder family	+
	SME features	External shareholders	+
	Perpetuation	Perpetuation factor	+
	SME features	Legal form	-
	SME features	Corporate structure	-

Source: Authors own creation.

We noticed that the professional qualification of the accountant was more significant for the adoption of good governance practices in the analyzed family SMEs, showing divergent results from those of Oliveira, Aragão and Rodrigues (2010), who analyzed the motivational factors for the adoption of good management practices in publicly traded Brazilian companies, namely: perpetuate the company; ensure greater transparency and relationship with the capital market; reduce the cost of capital; improve the institutional image; and value the company's shares.

However, our results corroborate with Cortés and Botero's study (2016). The authors suggest that understanding corporate governance requires considering the benefits and challenges that family engagement will entail for the company. However, the adoption of good corporate governance practices in family SMEs will depend on the skills and vision of the founders and managers. It is necessary to understand that the use of good corporate governance practices will generate benefits and positive results for the organization, as long as it is planned and adapted to each reality.

Disadvantages such as increased operating costs resulting from the implementation and maintenance of good corporate governance practices, especially when such practices are not adapted to the real context of the enterprises or the presence of family resistance to sharing management control (ABOR; ADJASI, 2007) did not show significant intensity for the adoption of good corporate governance practices by the analyzed companies.

CONCLUSION

Given the dominant presence of SMEs as drivers of economies around the world and several theoretical aspects still unclear in the literature about those firms, we explore the antecedents of good practices of corporate governance and the intensity of such practices in family SMEs. From the theoretical perspective, we extend the discussion regarding the good practices of corporate governance in family enterprises. In so doing, we explore the antecedents that drive family enterprises to employ good practices of corporate governance. Moreover, we also identify the intensity of such good practices employed by family enterprises. We show that the knowledge of benefits from corporate governance is the main antecedent to family enterprises employ high levels of good practices of corporate governance. However, some managers feature works as antecedents to family enterprises employ low levels of good practices of corporate governance.

From the practical perspective, the study offers support to managers in government, educational, and business levels to make decisions regarding the employment of good practices of corporate governance in family enterprises. Finally, the study also contributes to the improvement regarding the indexes of family enterprises mortality, evidencing which factors influence in adopting corporate governance by this type of organization, since the corporate governance is vital for the success of the family business in the long term, as it provides the possible mechanisms to face the unique challenges of this type of organization, however, corporate governance will work together with family governance (KREUZBERG et al., 2022)

This study has limitations that even with our efforts to minimize them, they continue existing. For example, we need to consider the choice of the sample, its size, the cross-sectional data and perception measures. Similarly, the selection of the antecedents is not an exhaustive way. Then, future studies can extend the theoretical and methodological scope to fill those limitations highlighted. The study also open new avenues for studies with comparative analyses of family SMEs from other Brazilian states and other countries too. Moreover, studies in longitudinal database and several sources can represent a relevant way to support more statistical inferences and extend the comprehension of the good practices of corporate governance family SMEs.

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