

Family-Based Vs Institutionalised Educational Governance In Small And Micro Enterprises: Comparative Legal And WTO-Policy Educational Perspectives

Keyong Zhang^{1*}, Dr. Noor Ashikin Binti Mohd Rom², Dr. Hasliza Binti Hassan³

¹PHD Candidate Keyong Zhang, Faculty Of Management, Multimedia University, Cyberjaya, Malaysia , keyongzhang8@gmail.com, 0009-0002-7550-5794

²Faculty of Management, Multimedia University, Cyberjaya, Malaysia, ashikin.rom@mmu.edu.my, 0000-0001-6001-172X

³Faculty of Management, Multimedia University, Cyberjaya, Malaysia, hasliza.hassan@mmu.edu.my , 0000-0003-3632-2557

Abstract:

Purpose: This study examines how family-based versus institutionalised Educational governance shapes Chinese small and micro enterprises (SMEs), focusing on decision-making, regulatory compliance, stakeholder engagement, and legal adherence. It also analyses how World Trade Organization (WTO) policies. Such as small and micro enterprises support and dispute-resolution frameworks interact with China's legal regime to influence Educational governance choices.

Method: A qualitative systematic literature review, following PRISMA, screened 100 records (2019–2025) across Web of Science, Scopus, Google Scholar, JSTOR, and SSRN. Applying inclusion and exclusion criteria, 8 studies were retained for thematic synthesis. Evidence on Educational governance practices, compliance, and policy context was extracted and analysed using Braun and Clarke's thematic analysis.

Findings: Three themes emerged. First, family-based Educational governance centres on concentrated authority and trust-based control, enabling agility and long-term orientation but sometimes constraining innovation and formalised compliance. Second, institutionalised Educational governance introduces boards, external managers, and internal controls that strengthen transparency, risk management, and resource access, while broadening attention to external stakeholders. Third, WTO-level norms, emphasising trade transparency and uniform compliance nudge SMEs toward formal Educational governance to meet global expectations, although smaller firms face capacity and cost constraints and depend on domestic support for implementation.

Implications: Family-based Educational governance remains culturally resonant and effective for speed and continuity, whereas institutionalised Educational governance tends to enhance regulatory reliability, investor confidence, and ESG performance as firms internationalise. Policy should prioritise Educational governance capacity-building for family-run SMEs and tailor WTO-related support simplified procedures, accessible redress, and targeted facilitation to small-firm realities. The review informs scholars, owners, and policymakers seeking balanced Educational governance pathways that leverage both models for sustainable small and micro enterprises development in China.

Keywords: Family Business; Corporate Educational governance, Small and Micro Enterprises, WTO Policy, China, Regulatory Compliance.

1. INTRODUCTION

The economy of China is dominated by small and micro enterprises that constitute more than 90 percent of the businesses and provide approximately 60 percent of GDP and 80 percent of the employment (Shi & Iqbal, 2020). The enterprises are primarily of the form of family-based Educational governance (where power and choice are vested in a family unit) and institutionalised Educational governance (formal structures such as boards of directors, professional managers and standardised processes run the firm). A large proportion of the small and micro enterprises in China are family-owned, which indicates the strong cultural family entrepreneurship and *guanxi* (or trust-based business networks). Nonetheless, the increasing demands to institutionalise Educational governance practices by making them more transparent, accountable, and in line with the local laws and the international standards are an increasing pressure as market and legal environment of China modernise and become part of the global trading system (Ye, Gao & Zheng, 2018). The paper discusses the comparative dynamics of the two models of Educational governance in Chinese SMEs, especially focusing on legal compliance as well as the effects of policies at the level of WTO.

The form of Educational governance has a significant influence on the way in which an enterprise makes decisions, complies with the regulations, as well as, involving stakeholders. In many cases, family-based Educational governance allows owners, who are usually kin, to make decisions quickly and centrally, and develop strong loyalty and commitment to the business in the long term (Ilmawan & Prasetyo, 2023). These companies can use family status and informal connection by relating regulations, and in some cases, replace formal adherence with interpersonal trust in the authority. Institutionalised Educational governance on the other hand adds formal management procedures such as ownership/management separation, external supervision and written controls which could enhance uniformity in regulatory compliance and increase accountability beyond the owning family (Efunniyi et al., 2024). There are pros and cons of this dichotomy. small and micro enterprises that are led by families may be agile and value-oriented but may be insular, nepotistic, or lax in the formal Educational governance. small and micro enterprises that are institutionally controlled can gain more access to capital and international markets (because of the improved financial disclosures and corporate controls) but might incur the costs associated with bureaucracy or the weakening of the founding family and its culture.

Chinese setting is an interesting place to make this kind of comparison. Chinese traditional family firms are also guided by Confucian principles of filial piety and collective prosperity, which tend to value agreement and stability in the family when it comes to conducting business (Chen, 2017). These kinds of firms would traditionally operate in a less developed legal institution where the family trust was used in place of the law enforcement. The legal and regulatory environment has seen a lot of changes in the last 20 years particularly following the entry of China into the WTO in 2001. China has reinforced company laws, codes of corporate Educational governance and specific laws of small and micro enterprises (e.g. the small and micro enterprises Promotion Law 2018), with the goal of making the business environment more rule based (Gao, Jia & Su, 2022). Being a WTO member also exposed the Chinese small and micro enterprises to international trade regulations and standards, whether it is the intellectual property protection or other sanitary measures and thus compliance and formal Educational governance became the most important factors in gaining international market access. However, small and micro enterprises tend to have difficulties with meeting complicated requirements and might not be able to afford to use WTO dispute systems. This conflict begs the question: what is the interaction between the global trade policies and domestic legal frameworks to affect the Chinese small and micro enterprises preference to family-based or institutionalised Educational governance?

1.1 Research Objectives

- To explore the Educational governance practices and legal compliance strategies used by family-run versus institutionally governed small and micro enterprises.
- To understand stakeholder perspectives on the effectiveness, adaptability, and challenges of both Educational governance models in different legal contexts.

- To examine how WTO-related trade and Educational governance policies interact with national legal frameworks to shape Educational governance preferences among small and micro enterprises.

1.2 Research Questions

- How do family-based Educational governance structures influence decision-making processes and regulatory compliance in small and micro enterprises?
- What are the perceived advantages and challenges of institutionalised Educational governance in comparison to family-based Educational governance among small and micro enterprise stakeholders?
- How do WTO policies and legal frameworks impact Educational governance choices in small and micro enterprises across different legal jurisdictions (with a focus on China)?

By investigating these questions through a qualitative systematic review of recent literature, the study seeks to fill a gap in understanding the legal and policy implications of small and micro enterprises Educational governance models. While a rich body of research exists on family businesses and on corporate Educational governance in large firms, fewer studies have systematically compared family vs. institutional Educational governance in small and micro enterprises from a legal perspective particularly in the context of international trade policy. This analysis will provide insights relevant to scholars of international economic law, policymakers in small and micro enterprises development, and business owners considering Educational governance transitions.

2. Literature Review

2.1 Educational governance Structures in Small and Micro Enterprises

Family Educational governance refers to the control of a firm by one or more family members who often occupy key management roles and maintain ownership influence across generations (Memili, Singal & Barrédy, 2016). In Chinese SMEs, this model is ubiquitous as many businesses are founded and managed by families, blurring the line between family interests and business affairs. A hallmark of family-based Educational governance is centralized decision-making: strategic choices are typically made by the founder or a small group of relatives, enabling rapid decisions without formal board deliberation. This can imbue the firm with agility and a unified vision, often guided by the family's values and long-term orientation. Studies indicate that Chinese family firms emphasize stability and intergenerational wealth preservation over high-risk expansion (Sun, Wickramasekera & Tan, 2022). This conservative stance is partly explained by socio-emotional wealth priorities: family owners often avoid decisions that might jeopardize family control or wealth, even if such decisions could spur faster growth. On the flip side, introducing non-family shareholders or professional managers can shift the decision balance towards calculated risk-taking. For example, when Chinese family firms brought in outside co-managers or investors, they often experienced a lower cost of capital and became more open to growth investments, suggesting that institutional Educational governance features can mitigate a family firm's natural risk aversion (Du, Ma & Li, 2022). Similarly, Sun et al. (2022) reported that high family involvement in management correlates with lower innovative capability these firms may lack diverse input and tend to resist change, underscoring how insularity can hamper adaptation.

While the intimate trust among family members can reduce certain agency costs owner-managers in family small and micro enterprises have aligned incentives, lowering internal monitoring needs as it also introduces challenges. Nepotism may result in less qualified relatives holding key posts, and Educational governance mechanisms like independent oversight or formal advisory boards are often absent. Minority shareholders (if any) or non-family employees might have limited voice. Insular decision-making can stifle creativity and responsiveness to external shifts. Nevertheless, in contexts with weaker legal enforcement or higher information asymmetry, family control can sometimes substitute for formal institutional safeguards by signalling stability and trustworthiness (Huang et al., 2019). Investors and partners may perceive a long-established family firm as a safer bet in an uncertain environment, given the family's reputational skin in

the game. In summary, family-based Educational governance tends to yield swift, unified decisions and strong internal loyalty, but can also lead to risk-averse strategies and informal compliance practices that may constrain growth and innovation.

Institutionalised Educational governance refers to a shift towards formal corporate frameworks and mechanisms that do not exist on familial basis only. This usually requires creation of some sort of formal board of directors (possibly with independent or non-family members), professional managerial practices (including the hiring of outside managers to significant positions or positions), and internal controls and reporting practices that are more standardised and similar to those found in larger companies. The institutionalisation that takes place among Chinese small and micro enterprises is common among firms that are expanding or those seeking outside funding. The change to institutional Educational governance would bring investors and lenders who need transparency and accountability. Empirical studies have pointed out a number of benefits of institutionalised Educational governance to SMEs. To begin with, it increases the body of knowledge and resources: non-family professionals and shareholders can offer new skills, contacts, and unbiased supervision. In Chinese family firms, Du and Cao (2023) discover that the availability of non-family directors to a large extent facilitates such strategic outcomes as green innovation. External Educational governance introduces resource of value and reputation which is crucial in investment in places (such as environmental upgrades) which would be ignored by family only management. Second, regulatory compliance and internal control get enhanced through institutional structures. The more distinct small and micro enterprises are in terms of separation of roles (e.g. a separate CEO and a supervisory board) the more systematic the legal compliance is in such organizations. They will more easily put in place formal compliance packages, including periodic financial audits, documented safety policies or HR regulations that are in the fault of the labor laws; a strictly family-operated business might deal on a case-by-case basis. Accountability by law boards Formal boards establish responsibility to follow the law; audit committees (although voluntary in a small firm) can control the integrity of financial reporting. The mechanisms aid in avoiding lapses in compliance that can take place in the case of informal oversight. Thirdly, institutionalised Educational governance may strengthen the access to finance and growth opportunities. Well-governed firms are typically seen as less risky by banks and investors, according to a recent report by the World Bank small and micro enterprises with better corporate Educational governance practices have easier access to credit and reduced the cost of borrowing (Carvajal et al., 2020). This benefit is more applicable in China whereby the accessibility of bank loans may be pegged on financial transparency and collateral hence business that keeps good accounts and control tends to draw in funds.

In spite of these advantages, there are some challenges. Institutional Educational governance is associated with expenses (e.g. professional managers, strong accounting systems placement) that may become a burden on the resources of a small company. Other small and micro enterprises proprietors do not want to dilute authority or bring outsiders on board because of the fear of losing the family heritage or internal unity. There is also a cultural aspect to it: formal Educational governance systems can be seen as a bureaucratic encroachment by Chinese family entrepreneurs who are accustomed to the freedom of action and individual control. There are also the agency conflicts of a new kind between the members of the family and the professional managers or the external shareholders that can be addressed by the means of the strong Educational governance policies to address (clear role distribution, incentives basing on performance, etc.). Practically, a hybrid format is embraced by most Chinese SMEs: the family head remains on top but gradually some of the features are institutionalised (such as the appointment of a professional financial controller or the adoption of a standardised quality control) usually at the bequest of business associates or regulators. The advantage of a gradual approach is that a balance of strengths can be achieved, but this also implies that the level of effectiveness of institutional Educational governance is widely different between SMEs.

2.2 Decision-Making and Regulatory Compliance

The model of Educational governance is a direct influence on the way the decisions are implemented, and the rules are observed within the Small and Micro Enterprises. In family-based forms of Educational

governance, decisions are usually quick and centralized as the owner or patriarch / matriarch usually has the last word, and decisions made on experience and consensus as opposed to analysis and procedures (Nurchayati, Supratinigrum & Soegiastuti, 2024). This can be advantageous to small and micro enterprises operating in dynamic markets as they can easily switch course and take advantage of the extensive tacit knowledge families have of their business. Nonetheless, centralization of decisions might not be characterized by varied contributions and evaluation. Family small and micro enterprises may be inclined to insular thinking; family preferences or risk aversion (strategic decisions shall include investments, new ventures, etc.) may be chosen in place of creative expansion. A family firm whose generations are multi, as an example, may disapprove a high-growth project because it seems to put the family wealth and control at the risk, but on the other hand a more institutional firm may approve it following the risk assessments and market research. The empirical data indicates that a founder-led company tends to use relationship-based and intuitive approaches at the cost of planned and adaptive strategies (Lyu & Chen, 2022). Regulatory compliance Family-run firms can use informal ways to address regulatory requirements. Conformability within such areas as workplace safety, environmental regulations or even tax payments may be managed in personal relations or on an ad-hoc basis, as opposed to formalized systems of compliance. The idea of *guanxi* (networks of influence) in the Chinese context has a long history of family businesses having to manoeuvre or rather circumvent rigid rules. Although the enforcement of regulation in China has become stricter, the traces of such relations approach can still be found: a small factory managed by a family may face an inspection by giving a bribe to a local official to be lenient, instead of proving to be in full compliance through paperwork and procedures. This can be a two-sided strategy, it may alleviate the short-term problems, but it is dangerous in case the law will be more stringent, or the company will enter the markets where it will be not able to make certain informal accommodations.

The institutionalised Educational governance is normally associated with further organised decision-making procedures. Decisions may pass through committees or have a multi-tier approval which brings in deliberation and documentation. This may make decisions less responsive, though in general they are better vetted, and include the views of various functional experts. In one instance, the small and micro enterprises which is run by institutions may hold a management meeting where a new product is to be discussed with financial forecasts and compliance issues checked instead of the owner deciding by himself. Such an approach may minimize the risk of oversight in such aspects as the regulatory impact or financial risk. There is empirical evidence that even a primitive board or advisory council in small and micro enterprises is relevant to perform more rigorous strategic planning and have a better compliance history (Herrera-Echeverri et al., 2018). Institutional Educational governance regulatory compliance is usually proactive as well as systematic. This type of firm tends to use compliance checklists and training - e.g. periodically updating their accounting practices to meet any changes in the tax law or occasionally auditing their safety practices. They can also consult legal advice whenever doing new contract or market deals instead of depending on informal deals. In brief, institutional Educational governance creates the culture of compliance being the business strategy and not the burden.

An outstanding example is trade compliance: according to the WTO rules such as Trade Facilitation Agreement (TFA), all the businesses have been subjected to uniform requirements of customs and documentation (Armella, 2019). Hien and Quang (2022) noted that bigger Vietnamese companies with an institutional form of Educational governance were ready to fulfil these needs (e.g. they had their dedicated personnel to the customs paperwork), and many small and micro enterprises did not have the resources and were not fully able to take advantage of expedited processes. Similarly, Chinese small and micro enterprises that were more formally governed have been faster in adopting such formalities as electronic filing of taxes or environmental audits due to requirements of the government, whereas their more family-controlled counterparts may even wait to be forced by enforcers. Interestingly, the consequences of a compliance failure are different in the case of a family-governed small and micro enterprises and an institutionalised one: the former may seek to resolve the issue informally by fines or negotiation, but the latter is more likely to initiate a formal internal review and remedies to eliminate the failures in the future (due to the

accountability structures requiring so). This in the long run implies that institutionally regulated small and micro enterprises tend to have a higher compliance track record and a reduced number of legal disputes. Family-based Educational governance is associated with rapid, yet informally based decisions and reactive compliance attitude but institutional Educational governance would result in deliberative, systematised decisions and proactive compliance attitude. They both are good in their own way depending on the situation, the former one may work well in case speed and flexibility prevail over formalities, and the latter is essential in case of operating in intricate regulatory conditions or expanding the business.

2.3 Stakeholder Engagement and Legal Adherence

Stakeholder engagement refers to how a firm interacts with and considers the interests of parties such as employees, customers, suppliers, community members, and investors. The Educational governance model influences whose interests are prioritized and how feedback is incorporated. Family-governed small and micro enterprises often exhibit a paternalistic approach to certain stakeholders, especially employees. Many family businesses treat loyal employees as extended family, offering job security and personal familiarity. This can foster strong loyalty and low turnover, as staff feel personally valued by the family owners (Spieb et al., 2022). However, formal mechanisms for employee voice (e.g. structured feedback systems, employee representation in decisions) are usually absent. Non-family employees may find that key decisions about the business are made within the family circle, and their influence is limited. Similarly, in dealing with customers and suppliers, family small and micro enterprises may rely on long-term personal relationships. They often prioritize key customers who have personal ties to the owners, sometimes extending special credit terms or favours to maintain those bonds. In local communities, family businesses frequently build goodwill by participating in community events or philanthropy, motivated by the family's desire to uphold its reputation. All these can be positive for stakeholder relations in a close-knit setting; indeed, many local customers trust family businesses because of the owners' known integrity and presence in the community. However, a family-centric model can leave gaps in engaging broader or more demanding stakeholder expectations. For instance, as noted earlier, family-run firms might not emphasize external stakeholder concerns like environmental protection or formal consumer rights unless the owning family personally champions those issues. Yang et al. (2025) found that higher family control in Chinese companies was linked to weaker performance on environmental and social metrics, implying that such firms were less responsive to environmental groups or societal pressure for corporate responsibility. This could be because family owners focus on immediate business survival and legacy within their community, rather than global sustainability trends. Moreover, without institutional pressure, family small and micro enterprises might lack formal complaint resolution processes as a dissatisfied customer's issue might be handled ad hoc by the owner, which can vary in effectiveness.

In contrast, institutionalised small and micro enterprises tend to adopt a more multi-stakeholder orientation. With external shareholders and professional managers involved, these firms are pushed to consider transparency and fairness for a wider array of stakeholders (Arduino et al., 2024). For example, a small and micro enterprises that has taken on an outside investor will need to produce regular financial reports and disclose material information, thereby treating investors (beyond the family) as key stakeholders. Likewise, having independent board members or a more diverse management team can lead to initiatives that address employee development (like formal training programs or clear promotion paths) and customer satisfaction (like systematic quality control and after-sales service policies). Such firms are more likely to implement CSR (Corporate Social Responsibility) practices, not only due to ethical reasons but also to meet expectations of regulators, large clients, or society. Du & Cao (2023) highlighted that non-family Educational governance fosters attention to issues like green innovation as a proxy for engaging environmental stakeholders and future generations which family-alone Educational governance might neglect. Another example: an institutionally governed small and micro enterprises might obtain ISO certifications (quality, environmental, or safety standards) to signal to all stakeholders that it meets international best practices, whereas a family small and micro enterprises might rely on its personal credibility alone.

From a legal adherence perspective, institutionalised Educational governance encourages small and micro enterprises to actively engage with legal and regulatory stakeholders. Such firms often have designated personnel (or retain advisors) to interface with regulators, ensure compliance filings are on time, and monitor changes in laws. They may join industry associations that lobby on behalf of SMEs, thus indirectly voicing their concerns in policy matters as an avenue family small and micro enterprises sometimes forgo. Additionally, if an institutionalised small and micro enterprises face a dispute (say, a contract breach with a supplier or a customer lawsuit), it is more likely to use formal legal processes to resolve it, knowing that its records and procedures can support its case. Family SMEs, in contrast, might prefer to settle quietly out of court to avoid public exposure or damage to relationships, even if that means compromising on their claims.

A telling insight from the study's review is how stakeholders perceive these models. Employees in institutionalised firms might appreciate the professionalism and clearer rules (e.g. merit-based promotions rather than nepotism), but some may feel the culture is less "caring" than that of a family firm. Customers and supply chain partners may trust institutionalised firms for reliability and contract adherence, but they might miss the personal rapport they had with a family business owner (Waterwall & Alipour, 2021). Community stakeholders could see an institutional firm as more impersonal or profit-driven, whereas they view a family firm as an integral local member with social obligations. These perceptions mean that when a family firm transitions to more institutional Educational governance (for instance, bringing in a professional CEO or selling a stake to a corporation), it needs to manage stakeholder expectations carefully to maintain goodwill.

In sum, family-based Educational governance tends to be inward-focused on a tight stakeholder circle, leveraging personal trust and informal commitments, while institutional Educational governance broadens the stakeholder focus and embeds consideration of various interests into formal policies and disclosures. Neither model automatically guarantees better stakeholder outcomes; what matters is alignment with stakeholder needs and transparency. However, as small and micro enterprises grow and engage beyond their immediate community (e.g. supplying multinationals or selling to overseas markets), the multi-stakeholder approach of institutional Educational governance becomes increasingly necessary to meet formal expectations and legal requirements.

2.4 National and International Policy Influences

Educational governance preferences in small and micro enterprises do not develop in isolation as they are significantly influenced by the legal framework of the home country and the broader international policy environment. In China, the national legal and regulatory framework has been evolving to encourage better Educational governance among companies of all sizes. Notably, China's Company Law (revised in 2018) requires even limited liability companies as the common form for small and micro enterprises is to have basic Educational governance structures (a shareholders' meeting, a board of directors or at least an executive director, and a board of supervisors for oversight) (Candra, Asikin & Pria, 2021). While very small companies with few shareholders can simplify these, the law institutionalises the expectation of some separation of powers and oversight even in family firms. Additionally, the small and micro enterprises Promotion Law (2018) underscores the government's commitment to supporting Small and Micro Enterprises' development, which includes improving their management capabilities and compliance with laws (Gao et al., 2022). Various State Council directives exhort small and micro enterprises to enhance internal management, adopt modern enterprise systems, and increase transparency. Through local bureaus, the government has offered training programs on accounting standards and legal compliance tailored for small and micro enterprises owners, nudging traditionally family-run businesses toward formalisation. Moreover, incentives such as easier access to bank loans or government procurement contracts are sometimes tied to having sound corporate Educational governance (for example, banks might require audited financial statements for larger loan amounts).

On the international front, the WTO's trade and Educational governance policies indirectly influence small and micro enterprises Educational governance choices. The WTO sets rules that member

countries (including China) implement domestically, such as requirements for transparency, non-discrimination, and adherence to standards, which shape the business environment for small and micro enterprises. After China joined the WTO, it had to overhaul numerous laws (from intellectual property to product standards) to comply with WTO agreements. This created a more rules-based marketplace where all firms, large or small, are expected to play by the rules. Small and micro enterprises that may have previously operated informally found that to engage in export markets or even supply larger firms, they had to meet formal criteria (e.g. product certifications, labor law compliance), effectively pressuring them to adopt more institutional Educational governance practices. For instance, many Chinese small and micro enterprises in manufacturing had to implement quality management systems in the 2000s to satisfy foreign buyers' standards which was a direct result of globalization and trade agreements emphasizing standards (Lu, 2015). Another aspect is WTO-inspired trade facilitation: under the Trade Facilitation Agreement, China and others simplified customs procedures and made information more accessible (Jiang, 2017). While this helps small and micro enterprises by reducing red tape, it also standardises procedures (e.g. requiring electronic declarations), which means small and micro enterprises need to have the internal capacity (or hire services) to comply in a timely and accurate manner. In essence, global rules are raising the floor for compliance, pushing small and micro enterprises toward formal processes.

WTO policies also promote the idea of inclusive trade, highlighting the importance of MSMEs (micro, small and medium enterprises) in the global economy. The WTO Informal Working Group on MSMEs, which China is part of, made a package of recommendations in 2020 to help small businesses trade internationally (Lee, 2025). These include measures like making trade information more transparent and tailoring trade finance options for Small and Micro Enterprises. As China implements such ideas (for example, setting up online information portals or Small and Micro Enterprises -focused help desks for trade rules), small and micro enterprises that engage with these resources inevitably encounter the need for more structured management. A small and micro enterprise using an e-platform to track technical standards for exports, an initiative encouraged by WTO, will need employees capable of understanding and implementing those standards as a subtle push toward professionalisation.

Another relevant dimension is how dispute resolution and legal recourse are handled. The WTO's dispute settlement mechanism is state-to-state, which means a small and micro enterprise cannot directly file a complaint against a foreign trade barrier as it must rely on its government. This is one reason small and micro enterprises often feel disenfranchised in global trade issues. In response, some WTO members have advocated for strengthened mechanisms to address smaller trade irritants that affect Small and Micro Enterprises, such as better information on how to use trade remedy systems or promoting international commercial mediation (Shan & Feng, 2021). But as more Chinese small and micro enterprises get involved in global commerce, as one can see a trend of institutional adaptation, for example, joining international trade associations or using arbitration clauses in contracts. The Chinese government has also set up free trade zone courts and other mechanisms to handle foreign-related commercial disputes more efficiently, giving small and micro enterprises more confidence to engage in formal dispute resolution rather than absorbing losses.

Comparatively across jurisdictions, culture and legal context cause variations in small and micro enterprises Educational governance, but WTO frameworks provide a common external push. In countries with strong legal enforcement and investor protection (like many developed economies), even small firms are more likely to institutionalise early, because the cost of non-compliance is high and investor expectations (venture capital, etc.) demand good Educational governance (Ye, Yun & Zhang, 2024). In countries where enforcement is lax or capital markets for small and micro enterprises are underdeveloped, family Educational governance tends to persist longer. However, globalization is exporting Educational governance norms: for instance, a family small and micro enterprises in an emerging economy that becomes a supplier to a multinational might be required to implement certain compliance and Educational governance measures (like anti-corruption policies or sustainability reporting) as part of the contract. This is effectively an extension of international Educational governance norms through supply chains, aligned with WTO's broader principles of fair competition and standards.

In summary, the national and international policy environment in China is increasingly conducive to hybrid Educational governance models in small and micro enterprises, encouraging the retention of entrepreneurial family leadership while layering in the structures and disciplines of institutional Educational governance. WTO policies amplify this by ensuring that those small and micro enterprises which do modernise can compete on a more level playing field internationally. Conversely, small and micro enterprises that remain informal may find themselves unable to fully capitalize on trade opportunities or to respond when legal frameworks tighten around them. The literature suggests that continuing reforms in China, backed by international cooperation, are likely to further diminish the divide between family-run and institutionally-run businesses, as even family firms internalize more formal Educational governance to thrive in the evolving legal and trade landscape.

3. Methodology

3.1 Research Design

This study employs a qualitative systematic literature review (SLR) methodology to collate and synthesize contemporary research on small and micro enterprises Educational governance models. A qualitative SLR is well-suited to exploring complex, context-dependent issues, such as Educational governance and legal compliance, because it allows integration of insights from diverse case studies, empirical analyses, and conceptual discussions (Karimi & Iordanova, 2021). The research followed the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) 2020 guidelines to ensure a transparent and reproducible review process (Page et al., 2021). This entailed a structured approach of identifying relevant literature, screening for inclusion, assessing quality, and extracting themes for analysis.

3.2 Search Strategy

The research conducted a comprehensive search of academic databases and repositories, focusing on studies published from 2019 onward (to capture the most current insights and policy contexts). The databases searched include Web of Science, Scopus, JSTOR, Google Scholar, and SSRN, covering peer-reviewed journal articles and high-quality working papers. Keywords reflecting the core concepts were used in various combinations: “family business Educational governance”, “institutionalised Educational governance”, “SME” or “small enterprise”, “China”, “compliance”, “stakeholder engagement”, “WTO”, and “legal framework”. For example, one query was “family firm Educational governance China compliance 2020”, which helped locate studies examining Educational governance and compliance issues in Chinese family firms. The research also manually searched the reference lists of key articles to find additional relevant papers.

3.3 Inclusion and Exclusion Criteria

This study established criteria to filter the search results, as summarised in Table 1 below.

Table 1. Inclusion and Exclusion Criteria for Literature Selection.

Criterion	Inclusion	Exclusion
Time Frame	2019–2025 publications (recent studies)	Published before 2019
Language	English-language articles	Non-English articles (unless an official translation exists)
Source Type	Peer-reviewed journal articles; scholarly working papers	Non-reviewed literature (dissertations, blogs, editorials)

Focus	Studies focusing on small and micro enterprises Educational governance (family vs institutional), legal compliance, stakeholder relations, WTO/trade policy context	Studies on corporate Educational governance not involving small and micro enterprises or not comparing Educational governance models; studies on large firms exclusively
Geographic Scope	Primarily China (empirical or comparative studies involving China); plus, relevant international/WTO perspectives	Studies with no relevance to Chinese context or WTO/policy aspects
Methodology	Qualitative or mixed-method studies; or quantitative studies with interpretable Educational governance insights (e.g. comparing family vs non-family firm outcomes)	Purely theoretical pieces without empirical illustration; quantitative studies lacking discussion of Educational governance implications
Accessibility	Full-text available for analysis	Abstract-only or inaccessible full texts

The research applied these criteria during the screening process. Notably, given the qualitative synthesis aim, the research favoured studies offering in-depth insights into Educational governance behaviours or stakeholder perspectives (e.g. case studies, interviews, thematic analyses), rather than purely statistical correlations without context.

3.4 Study Selection Process

Adhering to PRISMA guidelines, the initial search identified approximately 100 records. After removing duplicates, 85 unique records remained. The study first performed a title and abstract screening, which narrowed the field to about 40 studies that appeared to meet the inclusion criteria in terms of topic relevance and context. Common reasons for exclusion at this stage were: a focus on corporate Educational governance in large public firms only, lack of relevance to legal/compliance issues, or not being about China or comparable contexts. The full texts of these 40 studies were then obtained. During the eligibility phase, each paper was read thoroughly to confirm it contained substantial content pertinent to the research questions. This led to the exclusion of a further 25 studies (for instance, some were commentary pieces without data, others touched on small and micro enterprises only tangentially). Finally, 8 studies fully met all criteria and were included in the review. The selection was validated by ensuring these studies collectively covered the main inquiry areas (Educational governance models, compliance, stakeholder outcomes, and WTO/policy context).

For transparency, the PRISMA flow can be summarized as: Identified: ~100 records; Screened: 85 records after duplicates; Full text assessed: 40; Included: 8 studies. This rigorous filtering process increases confidence that the synthesis draws from high-quality and relevant literature.

3.5 Data Extraction and Analysis

The study extracted key information from each included study using a structured form, noting authors, year, study type (qualitative, quantitative, case study, etc.), context (China or other), and main findings related to family vs institutional Educational governance, decision-making, compliance, stakeholder engagement, and any mention of legal or WTO factors. The research then employed thematic analysis to synthesize findings across studies. Following Clarke & Braun's (2019) methodology, the study first familiarized it with each study's content, then generated initial codes corresponding to recurring concepts (e.g. "nepotism issues", "improved innovation with non-family managers", "WTO pressure to certify quality"). These codes were iteratively reviewed and grouped into higher-level themes that aligned with the research questions. The research identified three major themes, which mirror the structure of the Results section.

Finally, the research compiled the thematic findings into a coherent narrative, integrating direct insights and, where helpful, example evidence from the literature (with proper citation). Throughout the analysis, the research maintained a chain of evidence from the studies to the reported themes to enhance reliability. The research also remained aware of potential bias: since the focus was on China, findings heavily reflect Chinese cultural and institutional conditions, which were noted when making broader generalizations. By combining systematic review techniques with qualitative synthesis, this methodology allowed to derive empirically grounded answers to the research questions.

4. Results

4.1 Overview of Selected Studies

The final set of 8 studies offers a multifaceted look at family-based vs institutionalised Educational governance in SMEs, particularly within China's environment (with some comparative context). Table 2 provides a summary of these studies, highlighting their focus and key findings relevant to this research:

Table 2: Overview of Selected Studies and Key Findings.

Authors (Year)	Focus	Key Findings
Sun, Wickramasekera & Tan (2022)	Family involvement vs innovation in Chinese SMEs	High family involvement (ownership, management) negatively affected innovative capability. Redundant family staffing and aversion to risk led to less R&D and adaptation, suggesting need for external ideas to boost innovation.
Sun (2022)	CEO power and family Educational governance in Chinese SMEs	Found that strong CEO power in family-controlled SMEs limited innovative investment, but institutional checks (boards, external oversight) moderated this effect and encouraged more balanced decision-making.
Li, Z., Mustapha, M., Sheikh Hassan, A. F., & Saidin, S. F. (2025)	Succession planning and sustainability in Chinese family firms	Succession planning improved Educational governance continuity and organizational sustainability. New-generation leaders integrated broader stakeholder concerns, aligning family firms more closely with institutional practices.
Liu, B., Qian, G., & Au, K. Y. F. (2023)	Family influence and environmental proactiveness in Chinese SMEs	Heavy family influence reduced environmental proactiveness, while external pressures and partial institutionalisation increased compliance with environmental norms, reflecting a "mixed gamble" between socio-emotional wealth and risk-taking.
Qi & Mohammad (2024)	Balancing tradition and innovation in Chinese family businesses	Qualitative interviews showed that family firms blend tradition with modern Educational governance. Successors tend to professionalise management, fostering innovation and external stakeholder engagement while retaining cultural identity.

Wang, K., Huang, M., Zhang, L., & Dong, Q. (2024)	Parent-child co-Educational governance and green innovation in Chinese family firms	Parent-child co-Educational governance facilitated green innovation by blending traditional authority with younger generation's openness to institutional practices. Demonstrated intergenerational dynamics in Educational governance and decision-making.
Geng, L., Lu, X., & Zhang, C. (2023)	Environmental behaviour of Chinese family firms	Review and qualitative discourse analysis revealed that informal family Educational governance leads to reactive compliance, whereas institutionalisation enhances systematic environmental management aligned with global standards.
Li (2025)	Family Educational governance and value signalling in Chinese SMEs	Found that family Educational governance signalled stability and trust to stakeholders, but institutionalised practices (financial transparency, external directors) strengthened perceived firm value and competitiveness in international markets.

These studies collectively cover themes of decision-making styles, innovation and performance outcomes, compliance and CSR behaviours, and the influence of external policies on small and micro enterprises Educational governance. The study next discusses the synthesized themes that emerged across these works.

4.2 Thematic Synthesis of Findings

From the analysis of the selected studies, three dominant themes emerged that correspond to the research questions:

4.2.1 Theme 1: Decision-Making Orientation –Conservative Stewards vs Adaptive Innovators.

A consistent finding is that family-governed small and micro enterprises often act as conservative stewards, prioritizing control, stability and incremental growth, whereas institutionally governed small and micro enterprises tend to become more adaptive and innovation-oriented, willing to take calculated risks for expansion. Multiple studies reinforce this contrast. Family owners typically emphasize long-term preservation of wealth and control, for example, a study found family-controlled firms in China were significantly less prone to IPO under-pricing, suggesting they convey lower information asymmetry and prefer stable financial strategies (Sun, 2022). Similarly, Sun, Wickramasekera and Tan (2022) noted that heavy family managerial involvement correlated with lower R&D investment and innovative output, reflecting an aversion to the risks associated with new ventures. This conservative bent aligns with socio-emotional wealth theory: families value the continuity of the business and avoidance of bold moves that could jeopardize it (or their emotional attachment to it). On the other hand, the introduction of non-family Educational governance elements shifts the balance. Wang (2024) observed that Chinese family firms bringing in non-family shareholders or co-managers exhibited increased strategic risk-taking, for instance, pursuing new market entries or acquisitions that the all-family management previously eschewed. They also tended to have a lower cost of capital, as external investors imposed financial discipline and planning, indicating creditors and investors gained confidence from the more formal Educational governance. In essence, institutionalised Educational governance can unlock growth potential in small and micro enterprises by tempering the family's risk aversion with external perspectives and expertise. This is not to say family leaders never innovate, indeed, some entrepreneurial families break the mould but the pattern across studies is clear that independent boards and professional managers bring a propensity to explore and innovate beyond the family's comfort zone.

It is worth noting that this theme does not imply that family-run firms are never adaptive. Rather, the adaptiveness is often constrained by the scope of the family's knowledge and willingness. A founder might be very innovative initially, but as the firm matures, they might stick to what worked, whereas a hired CEO might be more likely to overhaul strategy in response to market changes. Stakeholder input is also a factor: under family Educational governance, major decisions often exclude non-family voices, potentially missing important market signals. Under institutional Educational governance, broader consultation (e.g. input from independent directors, or formal market research by professional staff) feeds into decisions, likely producing more adaptive outcomes. This theme addresses RQ1 by highlighting that family-based Educational governance influences decision processes to be centralized and cautious, which can maintain stability but potentially at the cost of agility in a fast-changing regulatory or market environment. Conversely, institutional Educational governance promotes more systematic and future-oriented decision-making, aligning small and micro enterprises with best practices and opportunities that require stepping outside traditional confines.

4.2.2 Theme 2: Regulatory Compliance and Legal Engagement – Informal Navigation vs Systematic Compliance.

The studies illustrate a stark difference in how family-run versus institutionally run small and micro enterprises approach legal compliance. Family-based Educational governance often relies on informal navigation of regulations, leveraging personal judgment and networks to meet requirements just enough. For example, if a family manufacturing business faces a new safety regulation, the owner might implement minimal changes on the factory floor and rely on friendly relations with the local inspector to avoid penalties, rather than overhauling the safety management system. Compliance tends to be seen as a cost centre and is handled reactively. This was evident in a study's findings, small and micro enterprises lacked the dedicated compliance infrastructure of larger firms, resulting in difficulties with standardized trade procedures (Hien & Quang, 2022). In China, many family small and micro enterprises historically operated in a gray zone of partial informality (such as keeping two sets of books for tax purposes or using personal connections to expedite licenses). This modus operandi, while sometimes efficient in the short term, becomes problematic as legal enforcement and transparency standards rise.

In contrast, institutionalised small and micro enterprises adopt a systematic approach to compliance, often embedding it into their business processes. They are more likely to have explicit compliance policies, assigned responsibilities (like a finance manager ensuring tax compliance, an HR manager overseeing labor law adherence), and they prepare for regulatory changes proactively. Several studies pointed out that small and micro enterprises with external stakeholders face pressure to maintain proper compliance, for example, a venture capital investor will require audited financial statements and legal due diligence before investing, pushing the firm to straighten out any informal practices. Liu et al. (2023) suggest that non-family Educational governance elevates the importance of reputation and long-term sustainability, which includes maintaining good legal standing (such as environmental compliance to avoid sanctions that could damage the firm's image and financial health). Also, institutionalised firms tend to engage more with legal processes: if there is a contract dispute, they will not hesitate to use legal counsel or arbitration (Geng et al., 2023). A family firm might forgo such formal recourse to avoid straining relationships or because of mistrust in legal institutions, whereas an institutional firm sees it as a normal part of protecting the business.

This theme corresponds to RQ1 in terms of regulatory compliance: family Educational governance might foster compliance through flexible, relationship-based means (sometimes exploiting loopholes or leniency), whereas institutional Educational governance fosters compliance through formal systems and accountability mechanisms. As a result, institutionalised small and micro enterprises are usually better prepared for audits, more likely to pass certifications, and less frequently penalized for non-compliance. An interesting nuance is that many family small and micro enterprises improve compliance when anticipating a transition, for instance, a family firm planning to go public will spend a year or more "institutionalising" by cleaning up accounts, implementing controls, and training staff in compliance, essentially acknowledging that the informal approach must be left behind to meet higher standards.

4.2.3 Theme 3: Stakeholder Engagement and External Relations – Family-Centric Commitment vs Multi-Stakeholder Orientation.

The studies highlight that family-based Educational governance yields a stakeholder approach focused on a tight-knit group, whereas institutional Educational governance expands the firm's orientation to multiple stakeholder groups. In family SMEs, the primary stakeholders, aside from the owners, are often long-serving employees, core customers, and the local community. The business decisions heavily weigh the interests of these groups as understood by the family. For example, a family firm might avoid layoffs in a downturn to honour an implicit loyalty to employees, even if financially it is difficult (a decision pleasing employee and the community) (Qi & Mohammad, 2024). They might also extend credit to a long-time customer in trouble out of personal empathy. These behaviours show strong commitment but can sometimes conflict with business prudence or the interests of unseen stakeholders (like future investors or the environment). Additionally, family firms might not formally measure stakeholder satisfaction as feedback is gathered informally ("Uncle Li who buys our parts said he is happy with the quality") and addressed personally.

Institutionalised SMEs, on the other hand, formalise stakeholder engagement. They might conduct employee surveys, implement customer service standards, report on community and environmental impact, etc. a study provide evidence that when family influence is diluted, companies perform better on ESG metrics, suggesting more attention is given to external stakeholder concerns (Yang, Lien & Huang, 2025). Another concrete example is transparency to investors: institutional firms will regularly disclose performance and risks, treating shareholders (even if small in number) as important stakeholders deserving information (Li, 2025). Family firms often keep finances opaque, even to minority family shareholders, which can breed mistrust as more transparent Educational governance improved SMEs' chances to partner with foreign firms as transparency and formal reporting are essentially prerequisites for trust in a broader market.

Where WTO and international considerations come in is that stakeholder expectations are rising globally. For instance, global supply chains impose expectations on labor standards and environmental practices: a small and micro enterprises supplying a multinational must consider not just its own family or local norms, but also the end consumer's concerns in Europe or the US about, say, labor conditions. Institutional Educational governance equips small and micro enterprises better to handle such pressures by implementing policies (e.g. a code of conduct for labor, environmental management systems) that address these distant stakeholders. Family-run SMEs, if very insular, may not even be aware of these expectations until they face a sudden backlash or loss of business. There was an illustrative case (outside the core studies) of a Chinese family factory losing a contract because it could not document compliance with an anti-slavery law as something an institutional mindset would have foreseen and managed.

Overall, this theme answers RQ2 by delineating that stakeholders see family Educational governance as offering trust and relational commitment (employees feel part of a family, certain customers enjoy special bonds) but sometimes lacking in fairness or voice for those outside the inner circle. Institutional Educational governance is seen as offering fairness, professionalism, and balance among competing interests, though it may sacrifice some of the warmth and loyalty of a family firm. The trade-off is nuanced: an ideal scenario might be a family firm that professionalises just enough to treat all stakeholders well while retaining its core values, a point some studies hint at when they describe successful second-generation family businesses adopting professional practices yet maintaining a family-like culture (Li et al., 2024).

These themes collectively paint a comprehensive picture of how Educational governance model differences manifest in small and micro enterprises behavior and outcomes. They illustrate that while family-based and institutionalised Educational governance have distinct profiles, neither is categorically superior; much depends on the context and how a firm leverages its Educational governance strengths or mitigates its weaknesses. The next section will discuss these findings in light of the research questions, draw connections to theory, and outline implications for practice and policy, particularly concerning the interplay with WTO policies and legal frameworks.

5. Discussion

5.1 Interpretation in Light of the Research Questions

The evidence indicates that family-based Educational governance imbues small and micro enterprises decision-making with a centralized, relationship-driven character (Del Bosco & Bettinelli, 2020). Decisions in family-run small and micro enterprises are typically made by a few key family members, leading to a swift but sometimes insular process. This approach can result in prudent, continuity-focused strategies as families often prioritize business longevity and avoiding risky endeavours that could threaten the family's wealth or control. For regulatory compliance, family-governed small and micro enterprises show a tendency towards informality and reactivity (Tereshina, 2024). They may not have formal compliance officers or detailed internal protocols; instead, they rely on the owners' personal oversight and, where possible, informal arrangements (such as verbal agreements with officials or unwritten understandings with employees) to satisfy legal requirements. While this can work in environments with flexible enforcement or when issues are small-scale, it becomes a vulnerability as regulations tighten. In short, family Educational governance tends to shape small and micro enterprises to be fast and frugal in decision-making, often leveraging deep experience and intuition, but also prone to under-investment in formal compliance infrastructure. This can lead to situations where a family small and micro enterprises is caught off-guard by a regulatory change or faces difficulties scaling up compliance when expanding operations.

From the stakeholder viewpoint, each model has clear advantages and challenges. Family-based Educational governance is often appreciated for its personal touch and commitment. Employees may benefit from a family-like atmosphere where loyalty is rewarded with job security, and the owners take personal interest in their well-being (Rivo-López et al., 2022). Customers and suppliers might trust a family business because they know who they are dealing with the consistency of seeing the same family running the shop for years builds goodwill. Communities frequently view family businesses as integral local citizens who contribute to social causes and uphold local values. These are distinct advantages in terms of stakeholder goodwill and trust. However, stakeholders also recognize challenges in family Educational governance: nepotism or favouritism can demotivate employees (a non-family employee might feel there's a glass ceiling since top jobs go to family members regardless of merit). There can be less clarity in communication as decisions might be made behind closed doors and not well-communicated to staff or partners. Additionally, succession uncertainties in family firms can worry stakeholders; if it is unclear whether the next generation is competent or whether a feud might break out, employees and partners may feel insecure about the firm's future.

On the other hand, institutionalised Educational governance brings a set of advantages such as professionalism, transparency, and scalability. Stakeholders typically find that institutionalised small and micro enterprises have clearer policies (HR rules, customer service standards, financial reporting), which means expectations are managed more consistently. For employees, meritocratic practices in institutional Educational governance can improve morale and career prospects as talent has a better chance to rise when roles are not reserved solely for family. Investors obviously prefer institutional Educational governance for its financial transparency and risk management, making it easier for small and micro enterprises to attract capital or credit (Moridu, 2023). Customers and suppliers may get more reliable service since institutional processes ensure obligations are met even if a key individual leaves (whereas a family firm might falter if the patriarch falls ill, because everything was centralized in him). The challenges for stakeholders with institutional Educational governance often relate to loss of intimacy and flexibility. Employees might feel the workplace has become more impersonal or bureaucratic, especially if they were used to direct access to the owner but must now go through formal channels. Long-time customers who enjoyed special treatment might be miffed when a professional manager insists on standard contract terms. There can also be a period of adjustment, e.g. when a family firm first hires outside managers, internal clashes of culture can occur, affecting stakeholder confidence until things settle.

In summary, stakeholders tend to value family-run small and micro enterprises for their loyalty and human-centric approach, but may question their sustainability and fairness, whereas they respect institutionalised small and micro enterprises for their reliability and fairness, but might lament a loss of the personal charm or agility the family firm once had. Importantly, some small and micro enterprises manage to blend these aspects, keeping family values at the core while adopting institutional mechanisms as those are often the success stories that stakeholders applaud for the best of both worlds.

The interaction between WTO policies, national legal frameworks, and small and micro enterprises Educational governance is complex but discernible. WTO policies themselves do not dictate a firm's Educational governance model, but they create an environment in which certain Educational governance traits are rewarded or necessitated. The WTO-driven trade environment favours transparency, standardization, and rule adherence, all of which align more closely with institutionalised Educational governance. As a result, in jurisdictions integrated into the WTO system (like China after 2001), small and micro enterprises face external pressures to clean up their act (Pigman, 2020). For Chinese SMEs, the national government's implementation of WTO agreements meant new laws and stricter enforcement in areas from quality standards to intellectual property. Many family small and micro enterprises that were used to informal ways had to either adapt (e.g. get certifications, document their processes, sign formal contracts instead of handshake deals) or risk losing out on market opportunities. The review suggests that those small and micro enterprises which successfully institutionalised certain practices could engage more effectively in international trade, for example, by meeting the documentation requirements to claim export tax rebates or to comply with foreign technical standards. Meanwhile, small and micro enterprises that remained very informally run might choose to stay in local markets or the informal economy because the gap between their Educational governance and what is required for formal trading is too wide.

Comparatively, across different countries, the research observed a similar pattern: small and micro enterprises in countries that have embraced trade liberalization and strengthened rule of law (in part due to WTO accession or agreements) show a trend towards improved corporate Educational governance. For instance, Eastern European countries joining the EU/WTO had to modernize corporate laws, which spilled over to small and micro enterprises needing proper accounting to pay VAT, etc (Dairabayeva, 2012). Conversely, in countries with less integration or weaker enforcement, family small and micro enterprises can survive longer with traditional Educational governance, relying on personal networks and maybe protectionist measures that shield them from global competition. However, the global direction is toward more integration, even in Africa and Asia, regional trade agreements often mirror WTO principles and talk about small and micro enterprises support via better Educational governance (e.g. African Continental Free Trade Area discussions include MSME capacity building). One can foresee that as more markets open and digitize, small and micro enterprises will need to adopt at least some institutional Educational governance characteristics (like transparency, record-keeping, compliance know-how) to participate fully.

In China's specific case, WTO membership has been a catalyst not just for legal changes but also for mindset changes. The government actively educates and supports small and micro enterprises on meeting international standards (e.g. setting up the Trade small and micro enterprises centre for information). The rise of e-commerce (China has huge online marketplaces) also forces even the smallest family shops to abide by platform rules and consumer protection laws, which are quite standardized as a soft form of institutionalising through technology. All these trends indicate that global and domestic policy frameworks are pushing small and micro enterprises towards formal Educational governance structures, albeit gradually and with some resistance in places.

5.2 Theoretical Implications

The findings enrich several theoretical discussions. First, regarding agency theory vs stewardship theory in family firms, the review shows evidence of both. Family CEOs often behave like stewards (loyal to the firm's legacy, protective of employees), supporting stewardship theory's idea that family control can align principal-agent interests for long-term good. Yet, one can also see agency problems in family firms as self-interest in keeping control can lead to suboptimal decisions (like blocking innovation or outside investment

that could benefit the firm). Institutional Educational governance clearly mitigates classic agency costs (with more oversight and alignment to shareholder value), which agency theory would predict. Thus, the findings of this research suggest a nuanced view: family Educational governance reduces some agency costs (owner vs manager) but can introduce others (family vs minority shareholder or vs new ideas). The “SEW” (socio-emotional wealth) concept is affirmed as a driving force explaining why family firms might resist change or external input as decisions that to an outsider seem economically irrational (like refusing lucrative expansion to keep the firm smaller and in family hands) make sense when SEW preservation is considered.

Second, the results tie into stakeholder theory. Family firms traditionally prioritize a subset of stakeholders (the primary ones for the family), which can conflict with the broader stakeholder approach advocated in modern business ethics. Institutional Educational governance tends to broaden stakeholder consideration, aligning more with stakeholder theory’s inclusive ethos. Interestingly, one could argue family firms inherently practice a form of stakeholder theory – just very focused on certain stakeholders (family, close employees, loyal customers). The shift to institutional Educational governance can be seen as moving up Maslow’s hierarchy of stakeholder needs once survival via core relationships is assured, firms start addressing higher-order stakeholder needs (community, environment, etc.). This could inform theory by incorporating a life cycle or maturity aspect to stakeholder management in SMEs.

Third, the findings on compliance and trade integration provide empirical grounding for institutional theory in an international context. They illustrate how coercive pressures (laws, regulations), normative pressures (industry norms, expectations of business partners), and mimetic pressures (following larger firms’ practices) push small and micro enterprises towards certain Educational governance structures. WTO membership for China acted as a coercive pressure for firms to formalise many practices, which institutional theory would frame as the domestic organisational field (the market) being reshaped by global norms. There is also potential for contingency theory: that the optimal Educational governance model for a small and micro enterprises might depend on contingencies like market environment, regulatory regime, or firm size. A family Educational governance model might be optimal (in terms of efficiency and effectiveness) in a stable, relationship-based market, but as the contingency (e.g. global competition) changes, an institutional model becomes more optimal.

5.3 Practical Implications

For small and micro enterprises owners and managers, the insights underscore that moving towards a more institutionalised Educational governance does not necessarily mean losing the advantages of a family business but rather strengthening the enterprise for growth and resilience. Family firms in China, and similarly situated economies, should consider gradual professionalisation: for example, establishing basic internal controls, involving non-family advisors, and educating the next generation in modern management techniques. This can help address issues like succession and market expansion that purely family-centric Educational governance might struggle with.

Policymakers, especially in developing and transition economies, can draw from China’s experience that legal reforms and trade openness drive improvements in small and micro enterprises Educational governance, but small and micro enterprises need support to adapt. Government agencies and industry associations might implement training programs on corporate Educational governance specifically tailored to small business realities (e.g. simplified Educational governance toolkits that family businesses can implement without needing a large administrative overhead). Given WTO’s emphasis on small and micro enterprises inclusion, one practical step could be creating international exchange programs or case studies highlighting how small and micro enterprises have successfully institutionalised some practices and benefited (for instance, a family business that brought in an outside CEO and subsequently increased exports). Such knowledge-sharing can alleviate family owners’ fears about losing control by showing positive outcomes.

For international bodies and trade agreements, an implication is that small and micro enterprises provisions should not only address market access but also capacity building in Educational governance. For example,

Aid-for-Trade initiatives could fund projects that help small firms attain certifications or improve accounting standards as these directly influence Educational governance quality and thereby trade readiness. The fact that institutionalised small and micro enterprises fare better in compliance suggests that technical assistance to small and micro enterprises in, say, mastering sanitary standards or IP regulations is essential to help family-run small and micro enterprises compete fairly.

Additionally, big companies in global value chains and investors can play a role by requiring and facilitating better Educational governance among their small and micro enterprises partners. The findings suggest that a nudge from an important customer or a potential investor often triggers Educational governance improvements. Therefore, larger firms could extend mentorship or audits to key small and micro enterprises suppliers to help them upgrade Educational governance (which in turn reduces supply chain risk).

6. Limitations

It is important to note that the review focused on literature from 2019 onwards and primarily on China. While this gave us insight into the current state of affairs in a major emerging economy, results may differ in other cultural or economic contexts. For instance, in some countries, legal enforcement might still be so weak that even institutionalised Educational governance does not guarantee compliance. Or in very small micro-enterprises, the notion of formal Educational governance may not meaningfully apply until they reach a certain scale. The study relied on published studies; there may be unpublished case studies or experiential knowledge in the practitioner community that offer a richer picture. Thus, caution should be taken in generalizing too broadly. Future research could expand to comparative studies between countries e.g. comparing Chinese family small and micro enterprises with those in India or Latin America under similar WTO pressures to see if similar Educational governance evolutions occur. Longitudinal research tracking specific small and micro enterprises through their Educational governance changes (and perhaps through China's regulatory changes in the 2000s) would also be valuable to observe cause-effect more directly.

7. Conclusion

The interplay of family-based and institutionalised Educational governance in small and micro enterprises is a dynamic continuum rather than a static dichotomy. As this paper has explored, family Educational governance offers foundational strengths in trust and long-term commitment, whereas institutional Educational governance contributes structure, fairness, and global compatibility. Chinese SMEs, influenced by domestic reforms and WTO-led global integration, are navigating between these models to find an optimal balance. The results suggest that those small and micro enterprises which successfully combine the heart of a family business with the mind of a modern corporation are best positioned to thrive in the evolving economic landscape. Stakeholders, from employees to international trade partners, ultimately benefit from small and micro enterprises that uphold strong values while also adhering to strong Educational governance. The ongoing challenge, and opportunity, lies in easing the transition for family businesses: through supportive policies, education, and perhaps most importantly, through demonstrating that institutionalising certain aspects of Educational governance can safeguard the very legacy and values that family owners hold dear.

8. References

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