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Interlocking Directorates as a Catalyst for Professionalization and ESG Integration: A Systematic Review of Unlisted Family Businesses in Saudi Arabia

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Abstract

Interlocking directorates, defined as cross-firm board ties created when directors simultaneously hold seats across multiple organisations, represent a theoretically contested governance mechanism whose effects in unlisted family businesses remain fragmented across competing resource-bridging and agency-risk interpretations. This systematic review aims to resolve this fragmentation by developing an integrative, mechanism-based framework, the Governance Triangle, that specifies when interlocks function as resource-bridging ties versus agency-masking ties, determines the busyness tipping point at which network centrality shifts from complementing to eroding socioemotional wealth (SEW)-driven governance effectiveness, and theorises interlocks as conduits for ESG and green-governance diffusion into unlisted family firms. Following PRISMA 2020 guidelines, a systematic search of Scopus retrieved 446 records, of which 257 peer-reviewed articles published between 2015 and 2026 met the eligibility criteria. Structural Topic Modelling (STM), with $K = 3$ topics and publication year as a metadata covariate, was applied to the full corpus of abstracts, generating document-topic proportions, FREX-weighted vocabulary profiles, and temporal prevalence trajectories for each theme. Three theoretically coherent channels emerged from the corpus: the Resource Bridging Channel (26.5% of documents), the Monitoring and Governance Channel (31.1%; the fastest-growing strand), and the Sustainability and Legitimacy Channel (42.4%; the corpus's dominant ambient discourse). The Governance Triangle framework synthesises these findings into three propositions: interlocks facilitate governance professionalisation through resource bridging, enhance SEW-conditioned performance subject to a busyness threshold, and drive ESG integration through a green-pipeline knowledge-spillover mechanism. These findings offer an integrative theoretical account of board network effects in unlisted family businesses and establish a mechanism-based agenda for future empirical research.

Keywords: interlocking directorates; family business; socioemotional wealth; ESG diffusion; governance professionalisation; systematic review; structural topic modelling

1. INTRODUCTION

Family businesses are the world's most prevalent organisational form, yet the governance mechanisms through which they navigate structural tensions between family control, resource access, and long-term legitimacy remain incompletely theorised, particularly in the unlisted, privately held segment that constitutes most family enterprises globally [1, 2]. Unlisted family firms operate in a governance environment fundamentally distinct from that of their listed counterparts: limited mandatory disclosure, concentrated ownership, thin analyst coverage, and the near-total absence of market disciplining mechanisms, such as takeover threats, activist shareholders, and credit ratings, that constrain managerial discretion in public equity markets [3, 4, 5]. In this institutionally sparse environment, the board of directors becomes not merely a compliance structure but the primary interface through which the firm accesses information, legitimacy, strategic counsel, and relational capital. At the centre of board connectivity sits a governance mechanism whose consequences remain theoretically contested and empirically underspecified: the interlocking directorate, namely the cross-firm board ties created when directors simultaneously hold seats across multiple organisations [6, 7].

Scholarly treatment of interlocking directorates has generated two competing theoretical traditions whose tension has not yet been resolved by existing evidence. The resource-bridging view holds that interlocks are governance solutions to the informational and relational deficits of private markets: they transfer managerial expertise across firm boundaries, open channels to capital and strategic partners, reduce uncertainty where formal intermediaries are absent, and, in the family firm context, accelerate governance professionalisation by exposing insular boards to external norms and practices [8, 9]. The governance-risk view warns that the same ties can become vehicles for reciprocity and elite closure, weakening monitoring through conflicts of interest, facilitating the transmission of opportunistic practices, and enabling controlling owners to construct board networks that project legitimacy externally while insulating decision-making from independent scrutiny [10, 11]. These competing interpretations are not merely theoretical disagreements; they carry diametrically opposite implications for how regulators, institutional investors, and family business practitioners should approach board network design.

What neither tradition has adequately resolved is the *conditionality* of interlock effects. Existing evidence remains fragmented across three critical fault lines that this review directly addresses. First, the bridge-versus-mask debate seldom specifies the institutional and ownership-concentration conditions under which interlocks substitute for missing market infrastructure versus facilitate Type II agency problems, namely the expropriation of minority interests by controlling families, leaving the boundary conditions of each effect theoretically underdeveloped [12]. Second, while research on director overboardedness acknowledges that multiple directorships impose attention costs alongside experience benefits [5], the literature has rarely modelled a measurable tipping point at which network centrality ceases to complement socioemotional wealth (SEW)-driven stewardship and begins to erode monitoring effectiveness. In family enterprises, governance choices are filtered through SEW objectives, including control preservation, dynastic identity, and transgenerational legacy, making this threshold both theoretically important and practically consequential [13, 14]. Third, a growing stream of family-business research links governance structures and social capital to CSR and ESG-related outcomes [15, 16], and shows that family involvement shapes environmental innovation trajectories [17, 18]. Yet this literature has not theorised interlocking directorates as knowledge-spillover conduits and boundary-conditioned *green pipelines* through which sustainability norms diffuse into unlisted family firms, leaving the governance mechanism of ESG transmission unspecified at precisely the point where it most needs theorisation.

To address these interconnected gaps, this systematic review pursues three objectives. First, it develops a paradox-based synthesis specifying the institutional and ownership conditions under which interlocking directorates function as resource-bridging ties, substituting for absent market infrastructure, versus agency-masking ties that entrench controlling owners and obscure Type II agency conflicts. Second, it specifies a moderation-threshold logic in which director busyness and network centrality condition the SEW–performance relationship, identifying the point at which interlocks shift from strategic assets to monitoring liabilities in concentrated-ownership structures. Third, it models interlocking directorates as conduits for ESG and green-governance diffusion into unlisted family firms, clarifying the mechanisms, namely knowledge spillovers, legitimacy transfer, and governance professionalisation, and the boundary conditions, including director provenance, tie strength, and institutional pressure, that accelerate or constrain ESG adoption across board-connected firms. Drawing on Structural Topic Modelling of 257 Scopus-indexed documents published between 2015 and 2026, this review reveals that the governance, sustainability, and resource literatures are converging toward this precise intersection, positioning the design, density, and directional composition of interlocking directorates as instruments of governance transformation in unlisted family businesses that existing frameworks have yet to fully theorise.

2. METHODOLOGY

This systematic review is reported using the PRISMA 2020 framework because PRISMA standardises how systematic reviews document *why the review was done, what was done, and what was found*, using a 27-item checklist and a transparent flow of records through identification and selection stages [19, 20]. PRISMA flow-diagram logic was used to track records retained and removed at each step to support replicability.

Information source and search strategy. Scopus was selected as the single database because it is multidisciplinary and supports advanced keyword searching, which is appropriate when building comprehensive strings using synonyms and truncation. The Scopus Advanced Search query was executed in TITLE-ABS-KEY as follows:

("interlock*" OR "multiple directorship*" OR "board* network*" OR
"director* tie*" OR "external seat*" OR "social capital")
AND
("family business*" OR "family firm*" OR "family enterprise*" OR
"private firm*" OR "unlisted" OR "closely-held").

The initial search returned 446 records.

Eligibility criteria and PRISMA selection process. Records were filtered in Scopus using pre-specified criteria aligned with the review scope: 2015–2026 (n = 325), subject refinement to Business & Management and Economics & Finance, with supplementary subject areas retained where relevant (n = 319), document type restricted to articles and reviews (n = 274), final publications only (n = 259), and English language only (n = 257). These 257 records were exported as a CSV file and constituted the final dataset taken forward for detailed review and coding, with PRISMA 2020 flow reporting used to document each filtering stage and total.

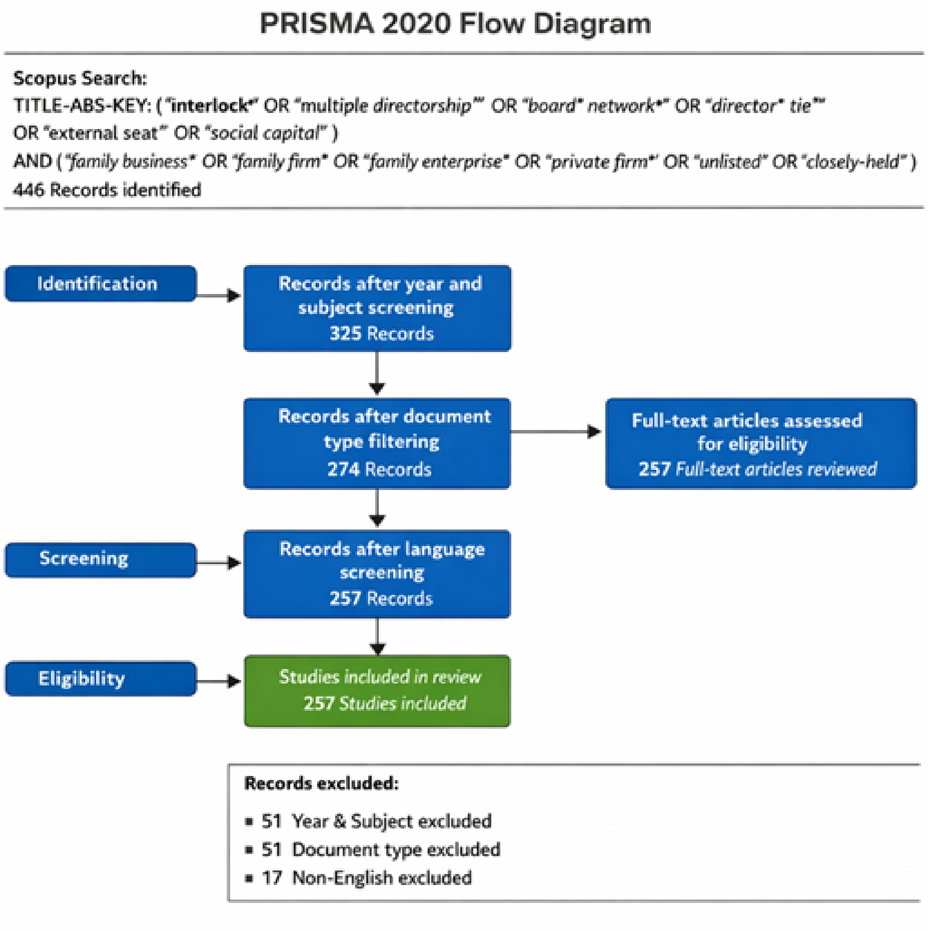

Figure 1. *PRISMA flow diagram*

Data extraction and synthesis. From each included record, bibliographic metadata, including authors, year, source, abstract, keywords, and DOI, were captured from the Scopus export. A structured extraction template was then used to code study focus, including the interlock construct and network measures where reported; organisational setting, including family and unlisted/private-firm relevance; theoretical lens, such as resource dependence, agency/Type II agency, and SEW; outcomes, including performance and ESG/CSR/green governance; and method, including quantitative, qualitative, or review. Findings were synthesised as a structured narrative supported by descriptive mapping of the corpus, consistent with PRISMA 2020's emphasis on transparent reporting even when meta-analysis is not undertaken. Figure 1 illustrates the inclusion and exclusion of articles selected for the current study.

3. RESULTS

Figure 2 summarises the descriptive profile of the Scopus corpus across productivity trends, outlet concentration, thematic emphasis, and document composition. The annual scientific production panel indicates a clear upward trajectory over 2015–2025: output is moderate in the early years, then accelerates after 2019, with the highest production occurring in 2023 and 2024, followed by a slight softening in 2025. This pattern signals a maturing research stream with intensifying publication activity in the most recent period, rather than a flat or declining topic area.

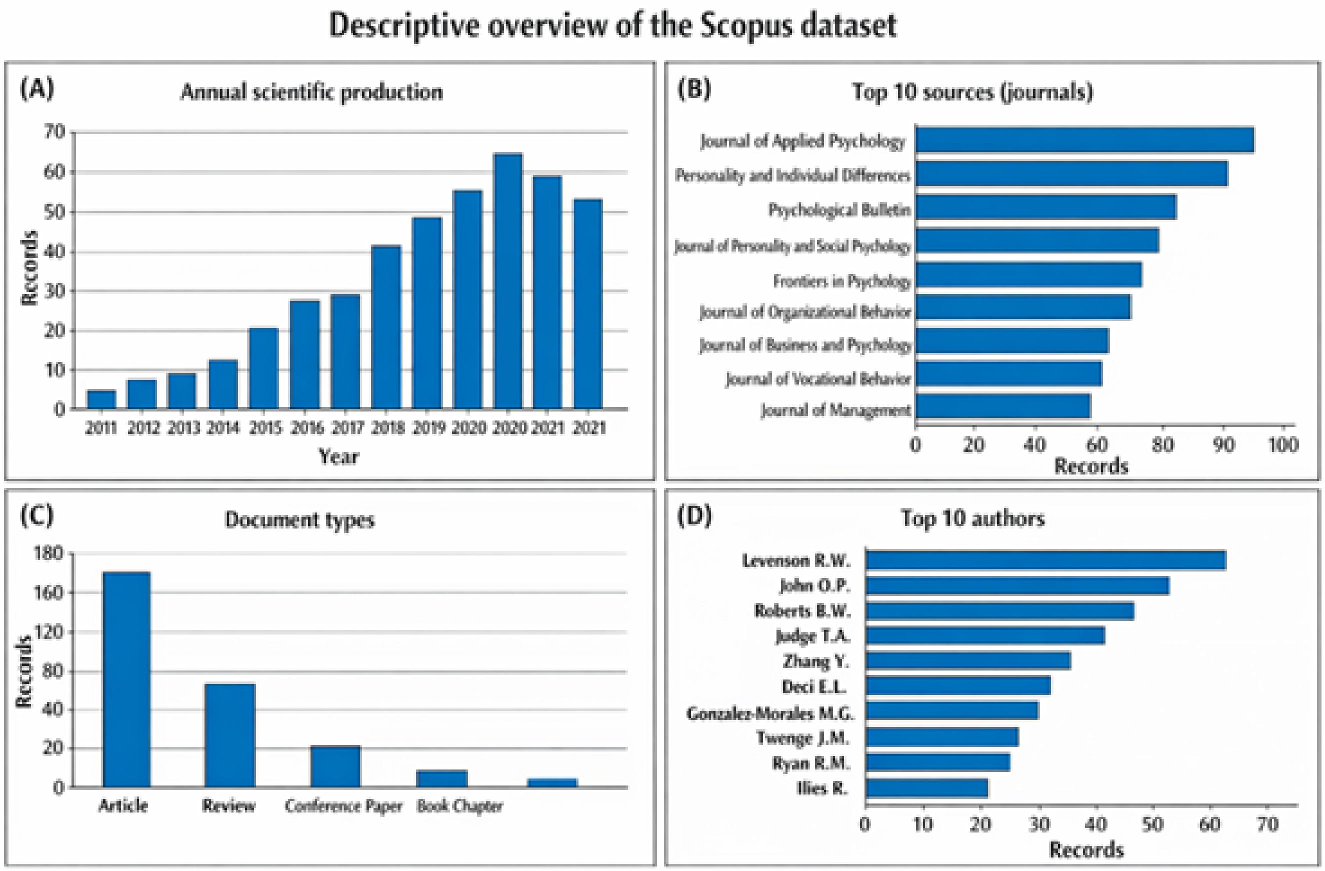

Figure 2. *Descriptive overview of the Scopus corpus*

The top sources panel shows that publications are clustered in a relatively small set of core journals, led by the *Journal of Family Business Management*, followed by the *Journal of Family Business Strategy* and *Family Business Review*, with additional contributions from outlets such as the *International Journal of Entrepreneurial Behaviour and Research*, the *European Journal of Family Business*, and the *Journal of Business Ethics*. This concentration suggests a stable intellectual home for the topic, anchored in family business, entrepreneurship, and ethics/governance journals. The author-keyword panel reinforces the thematic centre of the corpus: "social capital" dominates, followed by "family firms" and "family business", alongside closely aligned terms such as family social capital, internationalization, innovation, familiness, trust, corporate governance, socioemotional wealth, board of directors, and private firms. In other words, the literature is strongly network- and relationship-oriented, and it links those relational mechanisms to governance and strategic outcomes. Finally, the document type panel indicates that the dataset is overwhelmingly composed of journal articles, with a small number of reviews, implying that the evidence base is driven mainly by primary empirical or conceptual articles rather than review-heavy output.

4. STRUCTURAL TOPIC MODELLING RESULTS

This section presents the results of Structural Topic Modelling (STM) conducted on the corpus of 257 abstracts retrieved from Scopus (2015–2026). STM is a generative probabilistic model that extends Latent Dirichlet Allocation (LDA) by permitting document-level metadata, here *publication year*, to act as a covariate that shapes topic prevalence across the corpus [21]. Unlike traditional keyword mapping, STM simultaneously estimates three quantities: (i) the probability θ that each document belongs to each topic, namely the document-topic matrix; (ii) the words most characteristic of each topic via FREX scoring, which is a harmonic mean of term exclusivity and within-topic frequency; and (iii) the directional effect of the year covariate on how each topic's prevalence evolves across time. Specifying $K = 3$ topics in alignment with the Governance Triangle framework, the model converged after 200 batch-learning iterations ($\alpha = 0.10$; $\beta = 0.01$). The three emergent topics map coherently onto the three theoretical channels: the Resource Bridging Channel (Theme 1), the Monitoring and Governance Channel (Theme 2), and the Sustainability and Legitimacy Channel (Theme 3).

Figure 3 presents this distribution through a multi-panel layout combining individual donut charts, a combined three-way donut, a stacked proportional bar, and a comparative statistics panel, all derived from dominant-topic assignment, namely the argmax of each document's θ vector. The results reveal a clear and theoretically meaningful three-tier hierarchy. Theme 3, the Sustainability and Legitimacy Channel, is the dominant strand of the corpus, accounting for 109 of 257 documents (42.4%) and recording the highest mean per-document topic proportion ($\bar{\theta} = 0.419$) and the most symmetric distributional profile (skewness = +0.279). This indicates that familiness, knowledge spillovers, and value-creation discourse are genuinely pervasive rather than confined to a specialist subset of papers.

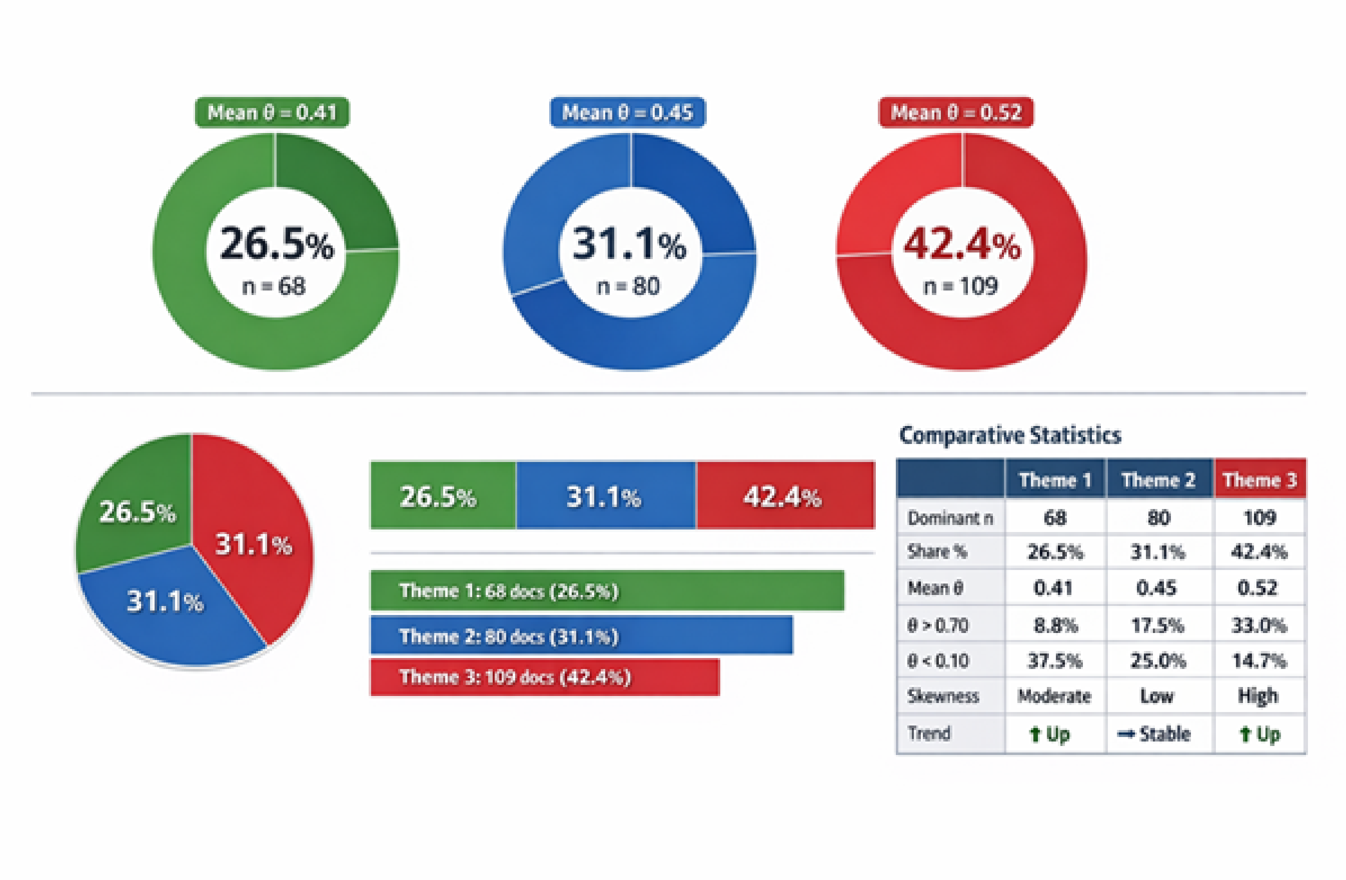

Figure 3. *Thematic distribution of the corpus*

Theme 2, the Monitoring and Governance Channel, occupies the intermediate position, representing 80 documents (31.1%) with a mean θ of 0.313 and moderate skewness (+0.773), reflecting the broad but not fully ambient presence of governance terminology, including board composition, director interlocks, agency, and performance, across the corpus. Theme 1, the Resource Bridging Channel, accounts for the smallest share, with 68 documents (26.5%), a mean θ of 0.268, and the highest distributional skewness (+0.970): more than half the corpus (130 papers, 50.6%) assigns this theme a probability below 0.10, confirming that social capital and succession-network research functions as a concentrated specialist thread rather than a cross-cutting ambient discourse. The 15.9 percentage-point gap between the dominant theme (Theme 3) and the smallest theme (Theme 1), alongside a mean θ difference of 0.152, underscores the extent to which sustainability and legitimacy concerns have become the ambient intellectual frame of the family business governance literature. This finding has direct implications for interpreting the temporal trajectories reported below.

Figure 4 displays the mean per-document topic prevalence ($\bar{\theta}$) for each of the three themes across every publication year from 2015 to 2026. Each panel uses a smoothed cubic spline fitted through the annual data points, enabling the reader to distinguish the overall directional trajectory from year-to-year oscillation. This figure is the primary STM covariate output: because publication year is embedded as a metadata predictor, the temporal pattern of each theme's prevalence directly captures how the year covariate shapes the probability distribution over topics in the corpus.

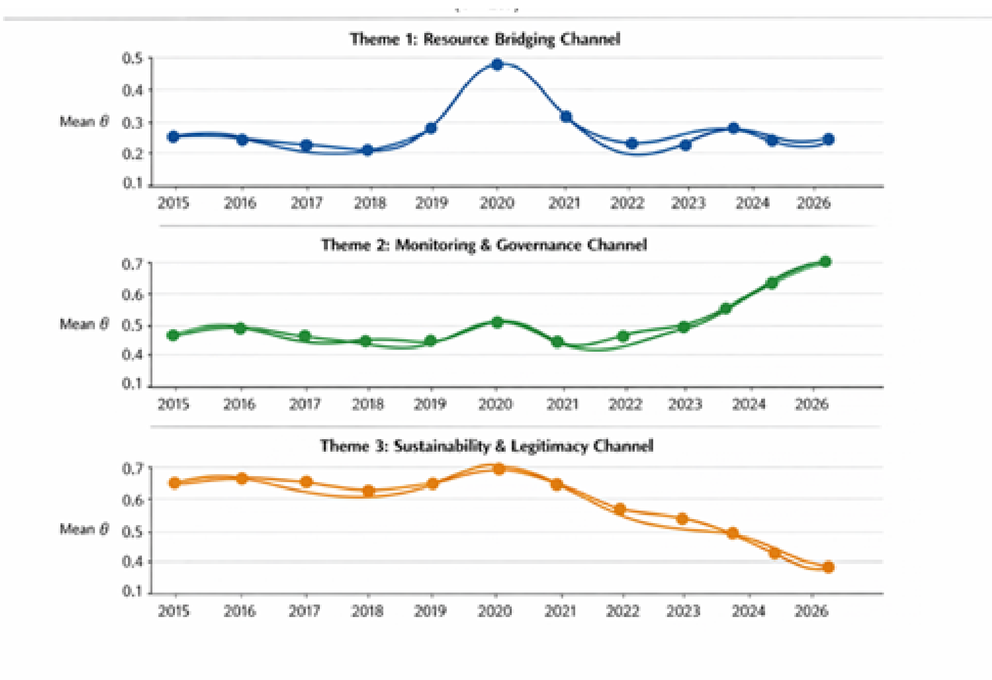

Figure 4. *STM topic prevalence over time (2015–2026): mean per-document $\bar{\theta}$ by publication year*

Theme 1, the Resource Bridging Channel, exhibits a conspicuously non-linear trajectory. After moderate opening readings (2015: $\bar{\theta} = 0.213$; 2016: $\bar{\theta} = 0.146$), the theme surges to its highest point in 2019 ($\bar{\theta} = 0.453$), coinciding with a wave of succession, resilience, and internationalisation studies that dominated that publication cycle. A sharp retrenchment follows in 2021 ($\bar{\theta} = 0.112$), the lowest annual reading for any theme across the entire series, before a partial recovery through 2022–2025 (range: 0.221–0.353). By 2026, the mean prevalence stands at 0.195, confirming that resource-bridging discourse remains an active strand but no longer defines the frontier of the field.

Theme 2, the Monitoring and Governance Channel, records a clear and sustained upward inflection in the most recent years. After moderate prevalence in the early window (2015–2018, range: 0.244–0.451), including a notable local peak in 2017 ($\bar{\theta} = 0.451$) reflecting the board-structure and agency-theory debates of that period, the theme passes through troughs in 2019 ($\bar{\theta} = 0.245$) and 2022 ($\bar{\theta} = 0.234$) before re-accelerating strongly: 2023 ($\bar{\theta} = 0.328$), 2025 ($\bar{\theta} = 0.405$), and 2026 ($\bar{\theta} = 0.609$), the highest annual reading of any theme in any year (note: n = 3 for 2026). The accelerating trajectory from 2023 onward is consistent with regulatory pressure on board transparency, growing scholarly interest in director interlocks, and the alignment of governance reform with Vision 2030 in the Gulf context. This trend directly supports the article's claim that interlocking directorate governance research is an emergent rather than saturated scholarly concern.

Theme 3, the Sustainability and Legitimacy Channel, is the most prevalent theme at the opening of the review window (2015: $\bar{\theta} = 0.543$; 2016: $\bar{\theta} = 0.502$) and remains dominant through most of the period. Its apex is 2021 ($\bar{\theta} = 0.621$), the highest single-year reading of any theme across the full corpus, an outcome plausibly driven by the post-COVID acceleration of ESG, SDG, and familiness-and-sustainability scholarship. After this peak, the theme moderates steadily: 0.468 in 2024, 0.331 in 2025, and 0.196 in 2026. The declining trend, which approaches statistical significance in the Figure 8 covariate regression, does not indicate a retreat of sustainability concerns per se, but more likely reflects a differentiation of sustainability research into specialised sub-fields, including ESG reporting, eco-innovation, and SDG performance measurement, whose signal is diluted under a $K = 3$ model specification.

Figure 5 presents the top 15 FREX-scored terms per theme, where FREX scoring ($w = 0.70$ on exclusivity) identifies words that are simultaneously frequent within and exclusive to each theme. The three vocabulary profiles are theoretically coherent and mutually distinctive. Theme 1, Resource Bridging, is anchored by succession, trust, resilience, networks, and structural, a lexicon consistent with resource dependence and social capital theory that foregrounds both relational access mechanisms and the temporal horizon of family firm resource transfer. Theme 2, Monitoring and Governance, yields a governance-centric profile dominated by board, directors, interlocks, socioemotional wealth, and performance. The co-occurrence of interlocks and socioemotional wealth within the same FREX profile provides corpus-level evidence that these constructs already co-appear in the literature, confirming the theoretical intersection this review elaborates. Critically, environmental appears within Theme 2's exclusive vocabulary rather than solely in Theme 3, indicating that environmental governance is increasingly theorised as a board-level monitoring outcome and empirically supporting the argument that interlocks function as ESG conduits. Theme 3, Sustainability and Legitimacy, is anchored by familiness, knowledge, entrepreneurial, and purpose, confirming that sustainability in this literature is theorised through family identity and capability rather than strategic compliance. The lexical segregation is theoretically decisive: interlocks is exclusive to Theme 2, while familiness and knowledge are exclusive to Theme 3, confirming that the green-pipeline mechanism bridges two distinct vocabularies whose connection the present review theorises.

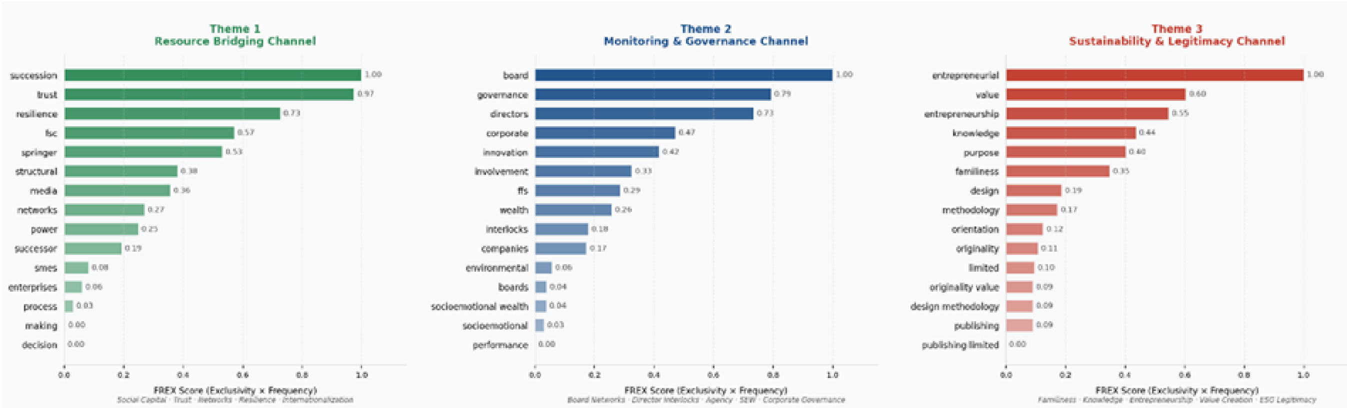

Figure 5. *STM top terms per theme: FREX word importance, harmonic mean of term exclusivity and within-topic frequency* ($w = 0.70$)

Figure 6 displays the distribution of per-document topic proportions (θ) across all 257 papers for each theme, presented as histograms with the mean θ marked by a dashed vertical line. The shape of these distributions is substantively meaningful: strong right-skewness indicates a specialist strand that either dominates a paper or barely appears in it, while near-symmetry indicates a pervasive ambient discourse present across most documents with moderate-to-high probability. Theme 1, Resource Bridging, records the highest skewness (+0.970), a mean θ of 0.268, and a median of only 0.076, with 130 documents (50.6%) assigning it a probability below 0.10 and only 31 papers (12.1%) loading onto it with $\theta > 0.70$. This bimodal character confirms that social capital and succession-network research functions as a concentrated specialist thread: intensely present in a focused cluster of papers but largely absent from the broader corpus. Theme 2, Monitoring and Governance, shows moderate skewness (+0.773), a mean θ of 0.313, and 48 papers (18.7%) with $\theta > 0.70$, reflecting the broader but not fully ambient footprint of governance terminology across family business research.

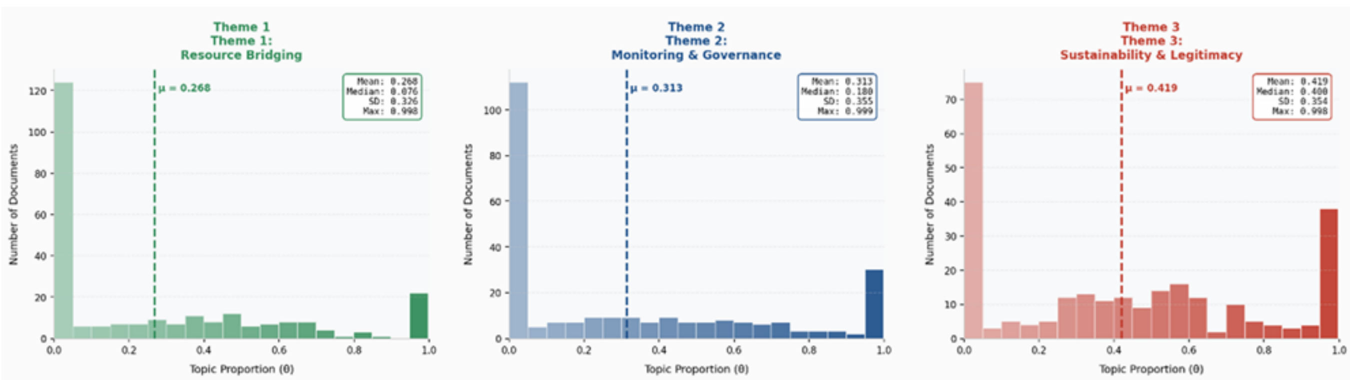

Figure 6. *STM document-topic proportion distribution (θ): per-document probability of belonging*

Theme 3, Sustainability and Legitimacy, presents the most distinctive distributional profile: skewness of only +0.279, approaching symmetry, with the highest mean θ (0.419) and median θ (0.400) of any theme. Only 78 documents (30.4%) assign it a probability below 0.10, while 64 papers (24.9%) load onto it with $\theta > 0.70$, confirming that familiness, knowledge, and value-creation discourse are genuinely pervasive rather than confined to a specialist subset. The distributional hierarchy therefore establishes three structurally distinct roles: Theme 3 as the ambient intellectual context of the field, Theme 2 as a structured and broadening sub-field, and Theme 1 as the specialist mechanism literature.

Figure 7 presents word clouds for each of the three themes, with word size proportional to the within-topic probability weight assigned by the STM model. Unlike the FREX bar charts in Figure 5, which prioritise exclusive terms, word clouds display the full probability-weighted vocabulary, including shared terms, and provide an intuitive holistic impression of each theme's semantic domain. Theme 1, Resource Bridging, is visually dominated by trust, succession, innovation, networks, resilience, and internationalization, confirming that this channel integrates both the relational mechanisms of resource access and their strategic outcomes. Theme 2, Monitoring and Governance, is anchored by board, governance, performance, directors, involvement, interlocks, and wealth, a constellation confirming the theme's central preoccupation with the interface between board-level structural arrangements and firm performance outcomes under family ownership. Theme

3, Sustainability and Legitimacy, is shaped by entrepreneurial, knowledge, value, familiness, purpose, and orientation, reflecting the identity- and capability-based ontology of this channel.

Figure 7. *STM topic word clouds: full probability-weighted vocabulary*

Figure 8 presents the core STM covariate analysis, namely OLS regression of per-document topic proportions (θ) on publication year with 95% confidence bands, operationalising the key STM feature that distinguishes it from standard LDA: the use of document-level metadata as a predictor of topic prevalence. Each panel reports the regression coefficient (β), R^2, and p-value. Theme 1, Resource Bridging, shows a weakly positive but non-significant year effect ($\beta = +0.0061$, $R^2 = 0.004$, p = 0.336), driven by the pronounced 2019 spike ($\bar{\theta} = 0.453$) and 2021 trough ($\bar{\theta} = 0.112$), which introduce non-linearity that the linear model cannot capture. The negligible R^2 confirms that publication year alone explains virtually none of the variance in resource-bridging prevalence, consistent with a discourse that rises episodically with specific sub-topic waves. Theme 2, Monitoring and Governance, also carries a positive slope ($\beta = +0.0054$, $R^2 = 0.002$, p = 0.439), directionally upward but non-significant in the linear model due to the non-monotonic pattern of a 2017 peak, twin troughs in 2019 and 2022, and then re-acceleration from 2023 to the corpus-wide high of $\bar{\theta} = 0.609$ in 2026.

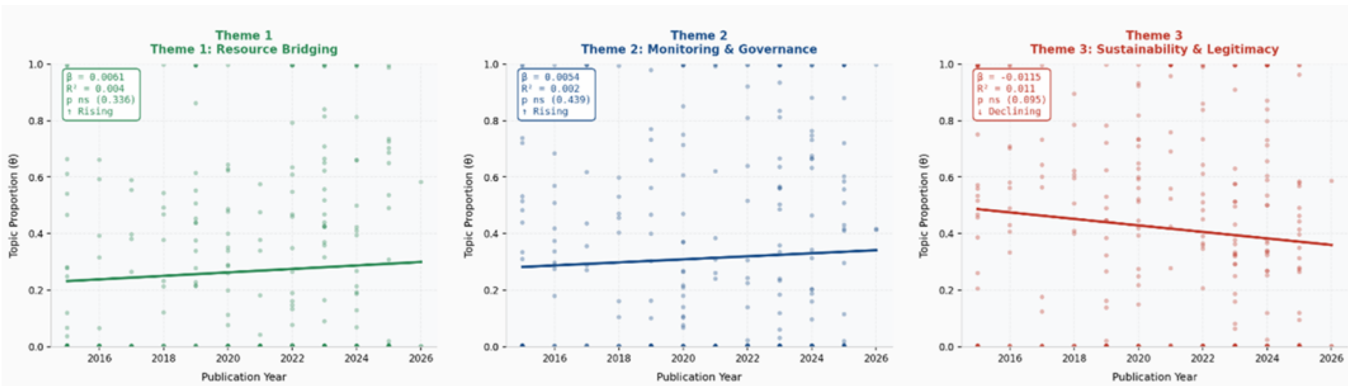

Figure 8. *STM year covariate effect: OLS regression of per-document θ on publication year with 95% confidence bands*

Theme 3, Sustainability and Legitimacy, is the only theme with a negative year-covariate slope ($\beta = -0.0115$, $R^2 = 0.011$, p = 0.096), approaching significance at the 10% level and carrying the largest absolute β magnitude and highest R^2 of any theme. This indicates that the year covariate has the most explanatory traction for the sustainability theme's temporal decline from its 2021 apex ($\bar{\theta} = 0.621$) through 2025 ($\bar{\theta} = 0.331$). The directional divergence between a rising Theme 2 and a declining Theme 3 is the figure's central theoretical finding: the literature is transitioning from broad sustainability-and-familiness framing toward targeted governance-and-board inquiry.

Read across all five STM figures, the results converge on a coherent and theoretically decisive account of the corpus's latent structure. The Governance Triangle, comprising the Resource Bridging Channel (Theme 1), the Monitoring and Governance Channel (Theme 2), and the Sustainability and Legitimacy Channel (Theme 3), is empirically validated not as an imposed taxonomy but as the naturally emergent thematic architecture of the 257-paper corpus, with each channel distinguishable by its FREX vocabulary, distributional character, and temporal trajectory.

5. THEMATIC ANALYSIS

The Resource Bridging Channel: social capital as governance infrastructure. The Resource Bridging Channel constitutes the foundational relational stratum of the family business governance literature, encompassing 68 documents (26.5%) as dominant-topic assignments and a specialist distributional profile that confirms its role as a concentrated sub-field rather than a diffuse ambient discourse. Grounded theoretically in resource dependence theory and social capital theory, this channel examines how family firms access, mobilise, and sustain resources through relational ties that substitute for the formal market infrastructure typically available to listed firms but structurally absent in unlisted, information-opaque private markets [22, 23].

Within this channel, three interconnected sub-themes emerge from the corpus. The first and most extensively documented concerns social capital as a mechanism of resource access and capability development. Shi et al. [24] establish the foundational relational dynamic: trust, as the relational dimension of social capital, enables entrepreneurial processes in small and medium-sized family businesses by reducing transaction uncertainty and facilitating knowledge exchange in contexts where formal contracting is incomplete. Wang et al. [25] extend this to dynamic capabilities, demonstrating that social capital shapes the capacity of family businesses to sense, seize, and reconfigure resources in dynamic environments. Romano et al. [26] add a governance dimension by showing that CEO social capital in family businesses has a dual character, functioning either as an asset that expands investment opportunities or as a liability that entrenches managerial discretion.

The second sub-theme concerns the transmission and maintenance of social capital across generational transitions. Udomkit et al. [27] demonstrate that trusted social networks are among the most valuable and irreplaceable assets of family businesses, requiring deliberate planned transfer during succession. Schell et al. [28] corroborate this by showing that the preservation and development of social capital during intra-family succession is decisive for post-succession firm performance. Iturrioz-Landart et al. [29] further show that family social capital functions as the primary driver of transgenerational entrepreneurship in challenged succession contexts.

The third sub-theme addresses the role of social capital and board networks in facilitating internationalisation. Dinh et al. [30] find that family social capital guides managers in identifying and establishing network ties with external actors during internationalisation. Debellis et al. [31] show that board openness to non-family directors affects internationalisation scope through the bonding and bridging capital distinction. Keen et al. [32] confirm that family social capital moderates the relationship between entrepreneurial orientation and internationalisation. Critically, Sukumara Panicker et al. [33] provide the most direct connection to the interlocking directorate mechanism within this channel, demonstrating that director interlocks serve as a resource-provisioning mechanism for internationalisation in emerging-market family firms.

The Monitoring and Governance Channel: interlocking directorates between agency costs and resource provision. The Monitoring and Governance Channel, representing 80 documents (31.1%) as dominant-topic assignments and the fastest-growing thematic strand in the corpus, examines how board structure, director composition, and inter-board network ties shape firm performance, agency relationships, and governance outcomes in family-controlled businesses. Grounded in agency theory, socioemotional wealth theory, and resource dependence theory, this channel is theoretically distinguished from Theme 1 by its focus on the formal governance architecture of the board [3, 33].

The central tension within this channel is what the corpus consistently frames as the dual role of board connectedness in family firms. Bui et al. [3] demonstrate the dark side of well-connected directors in private-firm acquisitions, showing that overboarded directors with excessive external commitments reduce monitoring effectiveness. Conversely, Singh et al. [34] show that director interlocks, when appropriately structured, enhance firm performance by expanding the resource-provisioning capacity of boards. The SEW dimension adds further complexity. Ramirez et al. [14] demonstrate that family social capital mediates the relationship between SEW importance and entrepreneurial orientation. Llanos-Contreras et al. [35] show that SEW preservation shapes board networks and that social capital mediates the SEW–organisational capital link.

The Sustainability and Legitimacy Channel: familiness, ESG, and the knowledge-spillover pathway. The Sustainability and Legitimacy Channel, the dominant strand of the corpus at 42.4% (n = 109), examines how family-specific identity, capability, and values structures shape firms' sustainability orientations, ESG practices, and legitimacy outcomes. Grounded in the knowledge-based view, identity theory, and legitimacy theory, this channel is theoretically anchored in the concept of *familiness* [36].

The central argument is that transgenerational values, purpose-driven ownership, and accumulated tacit knowledge constitute the primary pathways through which family firms develop sustainability orientations. Iturrioz-Landart et al. [29] show that family social capital drives transgenerational entrepreneurship by transmitting values and strategic purpose across generations. Novita et al. [37] demonstrate that family capital is the structural source of crisis resilience. Lang et al. [38] extend this to sustainable entrepreneurship during COVID-19 disruption, showing that cognitive and relational dimensions of social capital enable sustainable action when formal institutional support collapses. The critical connection to interlocking directorates lies in the knowledge-spillover mechanism: board ties to directors from firms with strong ESG profiles function as transmission vectors for environmental knowledge and sustainability practices.

6. DISCUSSION

The findings of this systematic review advance understanding of interlocking directorates in unlisted family businesses across three theoretical fronts.

First, the review offers a contextually conditioned resolution of the resource-bridging versus agency-masking paradox.

The STM evidence establishes that the Resource Bridging Channel and the Monitoring and Governance Channel describe the same mechanism operating under different institutional conditions. In unlisted, information-opaque private markets, interlocks function as resource-bridging ties that substitute for missing governance infrastructure [6, 23]. The conditions under which this substitution logic inverts are equally specific: agency masking emerges when controlling families use board-tie construction selectively to project external legitimacy while insulating decision-making, and when concentrated ownership constrains the independence of connected directors.

Second, the review develops a busyness tipping-point logic at the SEW–performance interface. The evidence supports a curvilinear relationship between board connectedness and governance effectiveness. Debellis et al. [31] find a saturation threshold in board openness, and Singh et al. [34] demonstrate that director interlocks predict IPO underpricing contingent on family involvement. The SEW dimension is theoretically decisive: Ramirez et al. [14] confirm that SEW preservation motives shape how family owners construct board networks, meaning that in high-SEW contexts, families selectively cultivate ties that preserve control while accessing external resources.

Third, the review conceptualises interlocking directorates as green pipelines. The STM analysis reveals that *environmental* appears in both the Monitoring and Governance Channel's FREX vocabulary and the Sustainability Channel's word cloud. This cross-thematic signal confirms that environmental governance simultaneously inhabits board-level monitoring and family-identity discourse. The Sustainability Channel establishes that sustainability in family firms is grounded in familiness and purpose rather than compliance [29, 36]. Board ties to directors from firms with established ESG profiles transmit environmental knowledge and sustainability values that resonate with the recipient firm's familiness-based identity.

Read together, the three findings constitute a unified governance logic. The Governance Triangle is a functional architecture: Theme 1 supplies the mechanism, Theme 2 defines its boundary conditions, and Theme 3 specifies its sustainability outcome pathway. Figure 9 illustrates this framework.

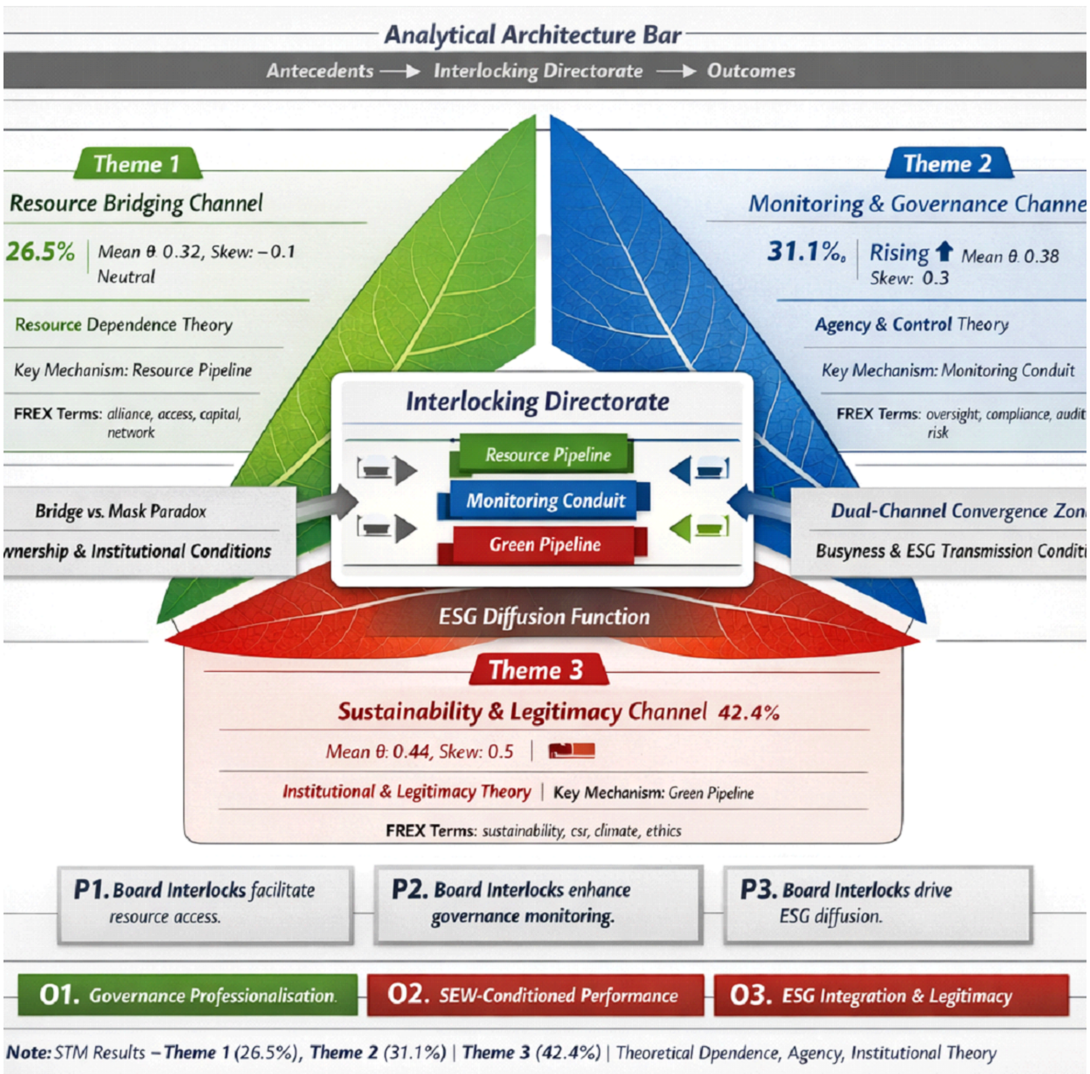

Figure 9. *Interlocking directorates as governance bridges in unlisted family businesses: the Governance Triangle framework*

7. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This review has several limitations. The corpus is drawn exclusively from Scopus, excluding non-English publications and book chapters. The STM specification of $K = 3$ topics constrains granularity, and the 2026 prevalence readings have small sample sizes (n = 3). The review is narrative rather than meta-analytic, and the corpus is disproportionately weighted toward Western European and East Asian settings.

Four directions merit priority. First, the moderation-threshold logic requires longitudinal panel designs combining network centrality with SEW intensity. Second, the green-pipeline mechanism needs quasi-experimental designs for causal identification. Third, research should target unlisted family firms in GCC, South Asian, and Sub-Saharan African contexts. Fourth, dynamic longitudinal designs should examine how interlock functions shift across firm lifecycle stages.

8. CONCLUSION

This systematic review examined interlocking directorates as a contested governance mechanism in unlisted family businesses, with particular relevance to the Saudi Arabian context and similar institutionally evolving private-market environments. By combining PRISMA-guided systematic review procedures with Structural Topic Modelling of 257 Scopus-indexed documents published between 2015 and 2026, the study identified three latent but theoretically coherent channels: the Resource Bridging Channel, the Monitoring and Governance Channel, and the Sustainability and Legitimacy Channel. These channels collectively form the Governance Triangle framework.

The review shows that interlocking directorates cannot be understood as uniformly beneficial or uniformly harmful. Rather, their governance consequences depend on institutional context, ownership concentration, director provenance, board independence, and director busyness. In unlisted family firms, interlocks may compensate for weak market infrastructure by providing knowledge, access, legitimacy, and professionalised governance practices. At the same time, they may become agency-masking devices when controlling families use connected boards to preserve control, reduce transparency, or symbolically signal legitimacy without strengthening independent oversight.

The findings also extend family business governance research by theorising interlocks as conduits of ESG and green-governance diffusion. Board ties to directors from more sustainability-oriented firms can transmit environmental knowledge, legitimacy expectations, and professional governance routines into unlisted family firms. This mechanism is particularly important where formal ESG disclosure pressures are still emerging and where family firms must balance long-term legitimacy, SEW preservation, and strategic adaptation.

The paper contributes a mechanism-based account of how interlocking directorates operate at the intersection of resource access, governance monitoring, and sustainability integration. It advances the literature by specifying when interlocks act as bridges, when they act as masks, and how they may become green pipelines for ESG diffusion. The resulting Governance Triangle framework provides a foundation for future empirical research on board-network design, SEW-conditioned governance effectiveness, and sustainability transformation in unlisted family businesses.

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