Lessons in financial governance from Bowen's family systems model

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Abstract

All organizations are social systems. The family is the first social system to which each person belongs. A business organisation is also such a system. Family theorists describe family relationships and use this understanding to help families to improve their functioning. These insights can also be applied to business organisations and their governance. The present paper uses Bowen's family systems theory to understand financial governance and governance relationships.

Bowen's eight concepts of family systems are: triangles, differentiation of self, nuclear family emotional process, family projection process, multigenerational transmission process, emotional cutoff, sibling position and societal emotional process. These concepts are discussed in light of how financial information is shared in a business, how board composition affects the oversight of financial operations, how leadership balances financial and operational demands, and how the social interactions within the business interplay with the macro social-industrial environment.

For example, a well functioning family helps a family member develop into an independent adult. Likewise, the effective business leader enables the financial department to develop autonomy, allowing that department to provide meaningful, objective information for business decisions. When this does not occur, problems can arise which affect family stability and business efficiency.

Suggestions for further research are offered. In particular, the connection between family theories and agency and social models of governance is explored. The models also are relevant to notions of who are the business's stakeholders. The overlap between business systems and family systems which has become more evident during the COVID-19 pandemic speaks to the relevance of the concepts in this paper to future research and business planning.

Key words: Budgeting, Change management, Differentiation, Family systems, Financial governance, Organizational culture

Introduction

Financial operations are central to a business's stability and sustainability. Nowadays there is greater recognition that a business has responsibility beyond delivering financial results to its owners or shareholders. Nonetheless, financial data and reporting of that data continue to be the primary means of measuring business performance.

Business financial data and reporting has become more complex due to the amount of information available through technology and the speed at which such information can be accessed. So, paradoxically, at the same time that a business's responsibility is seen as broader than just its financial outcomes, the expectations for financial data and analysis are even greater. Business leaders and financial specialists are challenged to manage this paradox.

Family systems theory and practice provides a unique perspective from which to meet this challenge. Family systems theory is concerned with many aspects of interpersonal behavior and these are felt to be pertinent to understanding financial governance within the context of business operations. Social communication, social influence, culture, and decision-making are some of these aspects.

In this paper Bowen's family systems model is examined. Elements of the model suggest ways to manage the challenges of financial governance, and to stimulate further research.

A systems approach

If one were going to understand how an automobile engine works, one could carefully examine each of the components of the engine, the engine block, the valves, the cylinders, the spark plug, the carburetor and so forth. These parts could be described and measured in detail. Yet, one would not come close to understanding how an automobile engine works. One would need to observe these parts in action - watch, listen to and measure them while the engine is running - in order to truly understand how the engine works.

Likewise, when one is trying to understand how a group of people behave, interviewing individual members of the group provides little information about how the group actually operates. Much more useful is to observe the group in action.

There are characteristics of systems that apply whether speaking about mechanical or social systems. One has just been mentioned -- the whole is greater than the sum of the parts. The system is a thing unto itself. It is connected to, influenced by yet distinct from the individual parts of the system.

A second characteristic of systems is the drive for homeostasis. Actions cause reactions. The purpose of any action or reaction is to maintain the stability of the system. In mechanical systems these actions and reactions can be readily understood once one understands the different components of the system. The automobile's internal combustion engine uses controlled explosions to generate power. Through the steps of intake, compression, combustion and exhaust the engine delivers energy to the mechanical parts which cause the vehicle to move.

In a social system these actions and reactions are not so readily ascertained. Nonetheless, they exist. The build up of pressure in a social system, for example from an interpersonal conflict , will be discharged in some way so that the social system can rebalance in order to continue its operations.

Tatar, et al (2019) have usefully observed that conflicts have affective and cognitive components. Moreover they note that conflict is not necessarily destructive. Conflict can gestate new ideas. The discharge of pressure from resolving a conflict productively can move the group forward, yielding not just new ideas but also new or different relationships among group members.

Social systems: Families and Businesses

The family is the first social system to which a person belongs. Regardless of the characteristics of that family, it remains the first place in which a person learns about interactions with other people. Learning in the family often occurs by modeling - children watching and imitating the actions of their parents. The modeling can occur as intentional instruction or unintentional observation. Social learning is powerful because it is interactional, multi-sensory, and engages cognitive and emotional skills. It is exactly for these reasons that so much value is placed on having a stable family environment with well-guided parents to facilitate the development of the child.

The previously mentioned characteristics of systems apply to families. To wit, the family is an entity unto itself, apart from the individuals who comprise the family. Families have tasks or responsibilities. In response to the environment in which a family functions, families will face changes and challenges. Each family will have characteristics, one might say personalities, based on how the family members interact with each other and manage day-to-day challenges.

Through the course of time,, the family inevitably faces changes. The stable family responds to these changes in order to maintain equilibrium or order. Child-rearing for example involves adapting to the needs and capacities of the growing child (and the fatigued and aging parent). The family also interacts with larger society to mediate relationships with the parents' place of employment, schools, economic communities and faith communities. Some of these interactions will require the family to adjust its behaviors. The departure of a child to school, a parent's new job or unemployment, illness or death of a family member require changes in the family's behavior. Family functioning is always dynamic, never static.

The business enterprise is also a dynamic social system, more than the sum of its component parts, which seeks to manage the challenges to its operations in order to survive and thrive. It is noted that many businesses began as family run enterprises which then developed beyond the family. Although this paper focuses on family theory, such family-owned and family-run businesses present special considerations that will not be the focus of this paper.

Extending the metaphor from mechanical systems a bit further, just as pressure in the engine drives a vehicle forward, so does pressure in the business. Innovation incubators, strategic planning, budgeting and corporate communications all involve interactions between individuals and groups of people, many times the discussions in these groups can get heated. Ideally, however, they move the business forward with new ideas and effective operational decisions.

<u>The financial system and financial operations</u>

As noted earlier, financial data and reporting continue to be the primary means of measuring business performance. The responsibilities of a business's financial department include : forecasting and planning, investment and financing decision, coordination and control, interface with financial markets and risk management (Brigham, et al, 1999, p. 8).

Financial operations in a business enterprise have concrete and symbolic aspects. Concrete financial operations refer to tasks related to the responsibilities noted above. Although these are described by specific numbers, they necessarily involve assumptions in which one may have varying degrees of confidence. Creating a budget in an established business, for example, may be based on historical information but it will still require forecasting assumptions about the budget year ahead and assessments of risks.

Financial operations have symbolic value. The importance of financial data and the specialized knowledge required to prepare and interpret such data can confer a higher degree of authority to financial personnel than personnel in other departments.

Financial outcomes carry with it other symbolic meanings dependent on the culture of the organization. The meaning that the business attributes to money, financial dominance or financial stability will affect the role that fiscal operations have within the business and the governance of financial operations.

Financial governance concepts

Financial governance refers to a set of rules and regulations regarding how financial data is collected, reported and the actions that are taken with respect to this data, such as budgeting and investment.

Finance, perhaps more than any other aspects of business, is subject to regulation from the community or political entity in which it operates. Any business owes its existence to being able to fill a societal need. As a result there is a necessary interplay between the business and the surrounding community. The local community, the state or the country each set expectations, sometimes in the form of laws and regulations, for the business. The business in turn influences the community by the goods and services produced and by the employment of community members. Regulations, ideally, structure the relationship between business and community.

A structure to financial governance gives the business the assurance that data are accurate and meaningful in order to guide business operations. Several criteria are needed for effective financial governance of which the most prominent are Independence, transparency and a code of ethics.

The financial operations must be able to operate independently in order to collect and report data. At the same time, the financial operations must be transparent so that the recipient understands the way in which data were obtained. Underlying both the independence and transparency is a code of ethics that sets a standard for honesty and thoroughness in reporting data.

The Board of a business has ultimate responsibility for the integrity of the business and the financial department's adherence to these aforementioned principles of independence, transparency and ethics.

Several financial issues are worthy of special attention.

1. Budgeting

   Budget formulation is essential for effective business operations. Budgeting requires detailed collaborations between work groups and decision makers. The allocation of limited resources, often due to capital inadequacy, cash flow problems and liquidity needs, are factors which influence the budgeting decisions and the overall governance of financial resources.

Budgeting in corporate businesses is a team effort involving people from all levels of the organization. Board of directors or top management is ultimately responsible for approving or denying budget recommendations. Organisational members are highly interdependent however through budgeting divisions and groups compete over scarce resources and fight to determine organizational direction, work on budgets can test and disrupt this interdependence (Etherington & Tjosvol 1998). The accounting teams recommendations may carry more weight because they deal with payroll, accounts payables and accounts receivables. Managers are confronted with many conflicts when they use budgets as they discuss opposing views may have a substantial impact on whether the conflicts contribute to the budget process productively or destructively (Etherington & Tjosvol 1998).

An effective business leader enables the financial department to develop autonomy, allowing that department to provide meaningful, objective information for financing and investment decisions. The finance department must provide valuable information for capital expenditure budgets and operational budgets to assess viability and profitability of new projects. The auditing function also requires independence and autonomy to carry out its functions effectively. Financial governance requires internal control systems which require independence for effective risk management. Financial reporting is another function which requires independence, undue influence by the owners in small businesses usually result in manipulated financial statements.

2. Corruption

Corruption is a form of dishonest and fraudulent act through violation of business ethics, policies and procedures. Corruption includes a wide range of unethical behavior but the most glaring results of corruption usually involve financial activities. Corruption may result from inadequate or ineffective financial governance.

Corruption involves not following procedures and policies and it is a common case both in private and public sectors. In 2016 public authorities in Zimbabwe corruptly disregarded the outcome of a tender process for a diesel power plant and awarded the contract for the Dema Diesel Power Project to Sakunda Holdings which did not even take part in the bidding process (Magaisa 2018). In fact, the tender was won by an American company called APR Energy Holdings. Sakunda did not have experience in power generation but APR was later sidelined in favour of Sakunda after intervention by the President's Office. The Sakunda Holders owner

Kudakwashe Tagwire is a ruling party associate. Sakunda sub-contracted a British multinational called Aggreko plc, which has vast experience in the business. Aggreko had participated in the tender process, and had therefore lost the bid to its American rival, APR.

3. Informal economy and regulation
   Organisational financial policy helps to monitor financial activities, provides internal control and ensures the business operations comply with legal requirements. Informal economy is a phenomenon where businesses do operations which cannot be governed by the state and thus cannot easily be assessed to pay taxes. The size and importance of the informal economy varies across the globe. While the informal economy is an important area of attention for financial governance, it will not be the focus of this paper.

With this overview of systems, financial operations and governance, we now consider the Bowen family systems model.

Bowen's family systems model

Murray Bowen was an American psychiatrist who developed his systemic family theory over several decades in observation and with families of individuals with severe and persistent mental illness. Bowen drew on biological sciences in trying to understand family functioning. His work contrasted with an intrapsychic approach to mental illness where the problem is thought to reside within the disturbed individual. Rather, Bowen looked at the system in which the behavior was expressed, particularly the family system, in order to understand its development and ultimately to seek the amelioration of the presenting problem.

Because of this systemic or milieu approach, it is felt that Bowen's theory offers useful insights into understanding the business enterprise. There are eight concepts that are associated with Bowen's theory. They are as follows: Triangles, Family emotional process, Family projection process, Differentiation, Multi-generational transmission, Emotional cut-off, Sibling position and Societal-emotional process.

These concepts will be reviewed. Those that are felt to be most relevant to a discussion about financial governance will be discussed in more detail.

1. Triangles : A dyad, a two person interaction, is the essential social group. But, Bowen describes triangles as "the molecule of emotional systems." (2004, p. 424) because they best show the interplay of forces between people.

In business, as in any social system, there are many triangles. One example of importance to governance is the relationship between the Board Chair, CEO and COO. In terms of financial operations, one might consider the Finance committee chair, or the Financial Officer and the various triangles within the financial department. At a macro level the relationship between prime ministers and finance ministers has been examined (Herzog and Jankin Mikhaylov, 2019) as they affect financial governance.

As a further example, the bankruptcy of the Enron Corporation in 2001 was the largest in Wall Street history at the time. Much of the review of the case has focused on problematic financial governance and accounting. These included Enron's use of Mark to market (MTM) accounting and Off balance sheet special purpose vehicles (SPVs). The handling of these legitimate practices was given the patina of approval by Arthur Andersen audits. Further, there was blatant misrepresentation in financial reports and alleged embezzlement by Enron leadership.

Taking a systems approach, one cannot view Enron's accounting practices in isolation. Certainly they occured during a period of lower regulation and at the end of the speculative dot-com era. In addition, however, Enron leadership allowed, facilitated and participated in the practices that led to the downfall of the company and losses to the shareholders. The triangle of Ken Lay, Jeffrey Skillings and Andersen consulting is worthy of further examination in analyzing this case.

Frequently, business problems are recognized at a high level (for example, reduced revenue or employee turnover). To understand and ameliorate the problem, one must examine the problem in more detail. Interpersonal triangles provide a structure for this examination.

2. <u>Family emotional process</u>: Emotional aspects of relationships are particularly intense in family systems given the biological and social connections between family members. The same intensity is seen in business relationships. Ideally, a degree of safety or order exists in the social system which allows each person to express emotions or to have their emotional status understood by others.

   When such an environment does not exist, emotions can be expressed in less adaptive ways. Bowen identifies four possible outcomes:

   a)emotional distance between individuals;
   b)dysfunction in one member of the social group;
   c)outright conflict

d)projection onto another family member.

Item d, projection onto another family member, is important enough that Bowen accords it discussion as a separate concept.

With respect to the first three outcomes (a, b and c above) - individuals may resolve their conflict by avoiding each other or by having outright conflict (items a and c).

For example, in business operations, one can observe avoidance or conflict between staff members or between department heads. A department manager and a financial analyst may avoid contact with each other. Or the two may express overt conflict. In monthly financial reviews, a manager's department may not have met its financial goals. The manager may seek to blame the finance department by saying that the financial targets were set too high for that time period. The financial analyst disagrees and notes that the operations manager ignored important data that the analyst provided.

In this example, the manager's blaming the financial analyst is based on a specious argument. The budget creation should involve collaboration with the financial analyst which is then approved at a higher level. When budget processes go awry, the cause may be due to avoidance or conflictual interactions between the financial and operational personnel. Maybe they were avoiding each other to avoid an unrelated interpersonal problem or maybe they did not have the skills or authorization to solve the problem. The effective leader brings the parties together in order to address an issue.

What may be less evident is the source of the interpersonal problem between financial and operational personnel. This scenario speaks to Bowen's Item "b" above. The dysfunction of one individual is an attempt to resolve an emotional situation.

In a non-business example, two spouses may disagree about how money is spent. One spouse is more careless with spending than the other resulting in a conflict between the two. They are unable or unwilling to work out the conflict. Suddenly, one spouse develops physical symptoms - such as severe headaches or back pain, or may take a severe fall resulting in a broken bone. The physical symptoms have the effect of reducing conflict between the spouses. They now focus on the ill spouse's health and recovery rather than the spending conflict they have.

In a business organisation, problems with production or product quality can result in low sales and returns. The finance department which is in charge of cash flow will experience liquidity constraints. In the course of this conflict other problems may emerge which distract from the core conflict of poor quality of production. The business then focuses on the problematic cash flow rather than addressing the problems with the production system.

3. <u>Family projection process</u>: Another means of resolving problems is to project the problem onto a third party (item "d" noted in the previous section). A prototypical example is the child who manifests a behavior problem when the "real" problem is that the parents do not get along. Intervention that is focused on ameliorating the child's problem behavior will be unsuccessful because the problem child is merely expressing the projected conflict of the parents.

   In business operations, the finance department may be a common target for projected conflict. For example, conflicts between marketing and production departments lead to an unhealthy financial position. This conflict is evident in statements of cash flow and income causing the focus to be on the financial department when the "real" problem is the conflict between the marketing and production departments.

   In corporate governance issues of fair compensation and remuneration, including pay disputes, will end up manifesting through the statement of cash flow and income statement. The firm can only solve the liquidity constraints through resolving the initial dispute.

   The most common problem of financial operations is the allocation of scarce resources. Whilst waste and losses might have been incurred by other cost centres, the finance department is often blamed for the problems - the focus becoming on cash flow rather than the core wasteful production processes in other departments. Interventions focused on the "problem child" finance department will be mis-guided and ineffective in correcting the core problem.

4. <u>Differentiation</u>: Differentiation describes the process by which a person separates emotional and intellectual aspects of thinking. The well differentiated person is able to distinguish the two aspects of thinking in the course of their interactions with others. The undifferentiated person does not distinguish the two areas as well.

   Thus a person who is well differentiated is able to recognize when their decisions and actions are affected by emotions and intellect. The undifferentiated person is less aware of the distinction. They may presume that feelings for example are facts.

For example, a Manager A makes the statement, “I know Manager B doesn’t like me.” The differentiated person can provide examples of behaviors they experienced which showed the dislike. The undifferentiated person will simply say that they feel this way, without any specific evidence. To the undifferentiated person, their feeling is as good as fact.

Differentiation across people is understood to be on a continuum. People do not just fall into a differentiated or undifferentiated category. Moreover, there are times, particularly when a person is angry or distressed, when even the most differentiated person is overwhelmed by emotions and unwilling or unable to consider the facts of the situation.

In a business environment, the level of differentiation of a leader can have an impact on how decisions are made and how communication occurs. It is argued here that a well-differentiated leader will more often make decisions based on data than a less well-differentiated leader. The data may be financial or some other outcome measure.

A not well-differentiated leader is apt to have more conflicts with the financial department or the Financial committee of the board. That leader does not focus on objective facts and finds the attention to such details restrictive. Such a leader is apt to be swayed as much by feelings as facts.

This point is not to minimize the importance of experience and intuition in a leader’s decisions. Certainly there are times when an effective leader knows that something “feels” right or wrong and yet cannot articulate the reasons for that feeling. But, a leader who is not able to differentiate between thought and feeling is likely to provide ambiguous or unpredictable direction to others and create conflict rather than resolve it.

The concept of differentiation should also be considered in the creation of competent boards that are capable of objective and independent judgment.

An area for further research could examine the budgeting process in light of the characteristics of the operational and financial leaders. One would hypothesize that a differentiated leader, led by facts, will lead a team to produce a more accurate budget than a leader who is less differentiated. Moreover, because a budget is a projection and cannot account for unexpected events, and because unexpected business events can lead to emotional reactions, one would also hypothesize that the differentiated leader would manage the unexpected events more effectively - not radically changing budgets mid-stream without an analysis of data.

5. Multigenerational transmission: Bowen noted that emotional patterns are passed on across generations, just as are behavioral patterns. In particular Bowen focuses on the multigenerational transmission of differentiation patterns. People that are lower in differentiated may choose partners who are similar to them in this characteristic. What results is a cascade of lower differentiated children of this couple who are even more vulnerable to emotional disturbance.

   In the business environment this concept is useful in considering the history of the organization and changes in leadership. When Board members choose new leaders are they perpetuating or enhancing patterns that previously existed. For example, the Boeing company ousted its CEO in December 2019 due to problems with the 737 plane. Yet, they appointed an insider as the new CEO. Will this person be able to correct the problems which led to the 737 design and construction errors? Or will the new CEO perpetuate an existing culture?

6. Emotional cut-off: As previously mentioned in connection with Item # 2 above: family emotional processes, one way of handling a problem in a system is to cut-off contact with the other party. Bowen felt that this process was important enough to warrant consideration as a concept in its own right.

   Emotional cut-off may be manifest in physical separation between parties or in superficial relationships between the parties. This problem is evidenced in a particular challenge among large, geographically far-flung business organizations where physical separation prevents the resolution of other operational conflicts.

   The COVID-19 crisis provides a further challenge and case example. Not only are multinational businesses affected by physical separation. Even local businesses are mandating employees to work remotely. Financial review meetings or top-level management review about business development decisions must now occur via technology. What impact will this have on how the key players in the decisions are perceived and how decisions are made is something future research will need to examine.

7. Sibling position: In the families on which he based his work, Bowen observed that there were consistent differences among siblings based on their birth-order position. To be sure, Bowen's observations were based on a limited sample of families in an American society. Any parent can attest to the reality of sibling rivalry, despite efforts to avoid it.

With respect to the business environment, different departments may be seen as siblings in a way, each vying for the attention and resources of the business leader or the business as a whole. For purposes of the current paper, however, this concept is not seen as especially useful for understanding financial operations and governance.

8. Societal emotional process: Bowen noted that non-family systems are affected by the same dynamics as family systems. Indeed that is the key premise of this paper. In working with delinquent youth, for example, Bowen observed that the judicial system behaved in ways that were parallel to the parents of such youth - giving mixed messages about responsibility and setting limits inconsistently.

   This point is fundamental to the present paper. To wit, the business operations evince the same system processes one observes in families.

   Again, we may reference the COVID-19 pandemic which shows this connection keenly. The pandemic has forced families and businesses to manage their operations differently. Businesses have had to adapt more than ever to the family demands of their workforce, given that childcare setting, schools and universities were closed. Youth were forced to be at home with the incumbent childcare duties now falling on parents in addition to parents' usual work responsibilities. Some job positions lent themselves to remote work more than others and some business operations were able to maintain their activities more reliably than others.

Interventions in Bowen's model:

Bowen's model is utilized in several interventions with families which can be adapted to the business environment. Observing interactions among family members is essential to developing interventions to help them resolve a given presenting problem. Thus, Bowen's model includes all family members in some aspect in the treatment.

Emotions and how they are expressed and understood are important foci of interventions. An ongoing goal is to help family members to increase their sense of differentiation, To this end, family members are guided to make "I" statements in the therapy sessions. This guidance encourages each family member to identify and own their thoughts and feelings and to distinguish between what is a thought and what is a feeling. Moreover, this action facilitates a process by which family members can differentiate themselves as individuals from the family as a whole.

As multigenerational transmission of patterns of emotional expression are part of the model, the Bowen method looks for past influences on the current situation. At times, these antecedents can lead family members to take a larger, less personalized, view of a problematic situation and consider new ways of handling it. A child, for example, may take a parent's behavior less personally when the child learns that the parent had similar challenges with their own parent (the child's grandparent).

Applying these approaches to a business, an organizational consultant enlisted to help address a problem involving financial operations or governance should look at the business as a whole and include many individuals and departments in the problem resolution. One should not presume that just because the presenting problem is stated in financial terms that this means it is purely a financial problem.

Dealing with the issue of differentiation in a business environment presents special challenges. The business as a whole operates with a mission and vision which applies to all departments and employees. Yet, within the overarching mission, each department must have a degree of autonomy and independent voice.

Business leadership which does not allow for autonomy could stifle differentiation and also be blind to underlying conflicts that are disrupting business operations. Therefore, the consultant might ask each department or employee what is their mission and vision. Can they own the organizational mission or are there unique aspects which define their own work not captured in the overall business mission?

Organizational history and culture are important considerations when understanding a presenting organizational problem and seeking to ameliorate it. The role that the financial department plays historically in the organization and, as noted, the significance (concretely and symbolically) that is attributed to financial gains are important areas for assessment before determining an intervention.

Part of the history involves understanding specific players and their relationships with each other. Is a given department head or financial leader part of a core leadership group that has been with the company many years? Or is that person in the role through an acquisition or merger? These aspects may have an impact on the nature of the presenting problem and may suggest means of resolving the problem.

Financial governance issues vary widely. Nonetheless, the following assessment questions are offered as a starting point for systemic interventions to remedy a financial governance problem or improve operations.

1. Statement of the problem or area for improvement: The statement should be summarized in a short paragraph. The statement should be obtained independently from key stakeholders (upper management, financial management, operations, labor). Besides differences types of problems noted, one would also note if one stakeholder sees a problem and another does not.
2. Statement of goal: Where would the organization like to be with respect to the problem or improvement area? This answer may be included in #1 but if not it should be asked.
3. Minimal outcome: What is the one thing that you would like to see that, if you do see it, will assure you that we are moving in the right direction? This question focuses on two things: breaking down a large goal into smaller components and establishing the standards on which trust in the intervention process can be built.
4. Financial personnel and history: Who are the key persons involved in financial operations and governance and what is their history with the company? This information will provide background on any past relationships that may have a bearing on the presenting issue.
5. What is the role of the financial department? The question may appear self-evident. But, the department may play different roles in different organizations in addition to the obvious one of gathering and analyzing financial data. Another way to ask the question is: what would be different if there were no financial department or if the financial department were half as big or twice as big as it is now? Again, this answer should be provided by multiple stakeholders.
6. Financial stability of the company: Information about the current financial status of the company and its goals and threats. These factors may figure into the context of the presenting problem.
7. How are decisions regarding expanding, maintaining or reducing operations made in the company and what is the role of the financial department and financial governance in such decisions? These decisions ought always to involve financial data but the weight that such data carries in the decision will differ across situations and across businesses.
8. How often do operations and financial personnel meet and in what context? There are likely to be many different meetings of varying size and degree of importance. Understanding the different reactions to the various meetings can also provide context for understanding the presenting problem.

Conclusion and suggestions for future research

The present paper posits that Bowen's family systems model can be usefully applied to understanding financial governance. In presenting this point, the paper outlined elements of Bowen's model and suggested examples within business operations where these elements are evident.

The model suggests that management strategies and organizational development interventions use a systemic approach as opposed to a top-down one. The systemic approach involves incorporating all levels of the organization, assessing the level of differentiation and autonomy among leaders and department heads, and being mindful of both concrete and symbolic aspects of financial governance.

The perspective offered in this paper complements other work in behavioral economics which examines the impact of cognition and social influence on decision making strategies. One area for further research, therefore, would involve examining the interface between social system factors described here and the foci of behavioral economists.

Other areas that follow from the present paper include:

- Characteristics of business leaders (differentiated or non-differentiated) and their financial governance styles. It is proposed that leaders who show a higher degree of differentiation (as defined by Bowen) will be more data-driven and more flexible in managing financial downturns.
- The connection between organizational culture and characteristics and how governance problems are resolved. Mitchell (2017) for example has discussed the differing solutions to organizational conflict (avoidance, competition, accommodation, collaboration and compromise). Each of these solutions may be more or less common based on the characteristics of financial governance in an organization.

As noted earlier, this paper did not focus on other important factors in financial governance including corruption and the informal economy. These areas need to be examined with the same systemic rigor proposed here.

Lastly this paper was prepared and accepted to the 2020 conference prior to the onset of the global COVID-19 pandemic. Although a few comments have been made here with regard to the impact of the pandemic on business operations, much more work is needed.

This future research will be important for understanding how business operations responded to the stressors of the pandemic - and the strengths and weaknesses that the pandemic revealed. Moreover, it will be important to enable planning for future catastrophic events. In this regard, Bowen's model focused as it is on a system in continual response to change can be a strong foundation for future research.

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