FACULTEIT ECONOMIE
EN BEDRIJFSKUNDE

Agency conflicts within Belgian Family Offices

How do they arise, and how can they be mitigated?

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Masterproef voorgedragen tot het bekomen van de graad van:

Master's Dissertation submitted to obtain the degree of:

Master of Science in Business Economics: Corporate Finance

Academiejaar/ Academic year: 2024-2025

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We declare that the research was conducted in accordance with the rules governing scientific and academic integrity. We have read, and acted in accordance with, the Code of Ethics of the Faculty.

1 Table of Contents

2 Introduction

The topic of family offices has long captured my interest, mainly due to my background in family businesses and the significant evolution of this organizational structure in Belgium in recent years. This personal and professional affinity, combined with a broader interest in corporate finance, especially in the context of mergers and acquisitions, motivated the selection of this research topic. With this research, I aim to contribute to the academic literature by offering insights into the inner workings of Belgian family offices, a segment of the financial ecosystem relatively underexplored compared to more studied financing providers such as private equity firms and venture capitalists.

Family offices are increasingly important in managing and preserving the wealth of high-net-worth families. They offer investment management, estate planning, tax structuring, and long-term governance services. In Belgium, they will help manage assets, aim to uphold family values, and ensure continuity across generations, often by guiding the next generations. Many are set up after a significant liquidity event, such as the sale of a family business, and aim to provide control, discretion, and stability.

As these offices become more professionalized, tensions can arise between family members and external managers, family officers who oversee the family's assets. These often involve disagreements over investment strategy, risk appetite, risk perception, communication, and authority. While family business governance has been widely studied, the specific internal dynamics of family offices remain underexplored. This becomes even more prominent when outside non-family professionals take on a central role, which is the case for more and more families.

This thesis uses the agency theory theoretical framework to examine these tensions, focusing on how misaligned incentives and information gaps can lead to conflict. It looks at different types of agency conflicts, such as principal-agent problems (between families and officers), principal-principal issues (within families), and so-called double agency (with third parties). Belgian-specific factors like inheritance laws, tax regulations, and a culture of discretion also influence how these relationships work.

Based on interviews with 13 family office professionals, this research highlights different conflict patterns. It explores how co-investment, structured communication, and tailored governance can reduce friction between family officers and families. The findings aim to inform the academic community, family officers, and families who are in the process of setting up a family office.

I thank the family officers who dedicated time to the interviews and openly shared their insights. I am also very grateful to Prof. Dr. Sophie Manigart for her guidance and support.

3 Family Office - Literature

3.1 The concept of the Family Office

The scientific literature lacks a clear and universally accepted definition of a family office. This ambiguity makes it challenging for researchers to accurately track the number of family offices and analyse their investment behaviour. The table below summarizes various definitions from previous scientific studies.

Source	Definition
FOX (2018)	An organization a family creates, often after the sale of a family business or another realization of significant liquidity, to support the financial needs of a specific family.
van Bueren (2016)	A single-family office is a privately controlled (group of) staff employed within or outside a dedicated structure that supports an affluent family with the organization, management, and maintenance of all or parts of their assets, needs, and wishes.
	A multi-family office is a privately controlled and commercially operated organization that employs staff to support a number of affluent families with the organization, management, and maintenance of parts of their assets, needs, and wishes.
Rosplock (2014)	An organization dedicated to serving wealthy individuals and/or families on a diverse range of financial, estate, tax, accounting, and personal family needs.
Zeuner et al. (2014)	A team of advisors that exclusively serves and represents the interests and the agenda—broadly defined—of the family.
Wilson (2014)	A holistic, full-balance-sheet wealth management solution for an affluent individual or family.

Table 1

Definitions of Family Offices from Various Scientific Studies

Note. Reproduced from *"Family Office Research Review,"* by J. E. Park & D. Kenyon-Rouvinez, 2020, *Journal of Wealth Management, 23(1),* p. 3. Copyright 2020 by Pageant Media Ltd.

These definitions vary, but they all describe a family office as supporting a family's financial needs. Several similarities and differences can be noticed among the definitions of family offices presented by FOX (2018), van Bueren (2016), Rosplock (2014), Zeuner et al. (2014), and Wilson (2014). All definitions agree that a family office is an entity designed to support affluent individuals' or families' financial and personal needs. They focus on services such as asset management, tax planning, estate structuring, and strategic support. However, there are notable differences in focus. FOX (2018) highlights the origin of the family office following a liquidity event, while van Bueren (2016) distinguishes explicitly between single- and multi-family office structures. Rosplock (2014) emphasizes the breadth of services offered, whereas Zeuner et al. (2014) focus on representing family interests. Wilson (2014) uniquely presents the family office as a holistic, full-balance-sheet solution.

The definition provided by van Bueren (2016) is the most appropriate for this study. This research draws on interviews with professionals working in both single- and multi-family offices in Belgium, and van Bueren's definition is the only one that captures this structural distinction. Furthermore, her emphasis on the organization, management, and maintenance of family wealth aligns well with the themes explored in the thesis, such as governance structures, incentive alignment, and intergenerational communication. This definition's functional and inclusive nature fits the Belgian context and reflects the diverse operational realities uncovered in the interviews.

According to the different sources, these definitions also impact the number of reported family offices in the United States. The underlying table from the article "Family Office Research Review" in the Journal of Wealth Management underlines this. These varying definitions of family offices lead to significant discrepancies in how many such entities are estimated to exist, particularly in the United States. As shown in Table 2, estimates of the number of single-family offices (SFOs) in the US range from as low as 2,500 (Family Wealth Alliance, 2010) to as high as 10,000 (EY, 2016). Some studies, such as Capgemini (2012) and EY (2015), also include global estimates, further complicating direct comparisons. The considerable variation in figures highlights how different conceptual approaches, such as whether embedded or virtual family offices are included, can produce vastly different results. This inconsistency underlines the importance of clearly defining what constitutes a family office in both academic and professional research and justifies the use of a precise typology, such as the one by van Bueren (2016), for this thesis.

Different Estimates of the Number of Family Offices

Year	Source	Estimated Number of SFO
2001	Hauser (2001)	4,000 FOs in the US
2007	Gorman et al. (2007) as cited in MacDonald (2014)	11,000 FOs globally
2007	FOX (2007) as cited in Decker and Lange (2013)	3,000–5,000 FOs in the US
2010	Family Wealth Alliance (2010) as cited in Rosplock and Hauser (2014), Family Offices Group (2012)	2,500–3,000 FOs in the US
2012	Capgemini (2012) as cited in INSEAD (2014)	3,000 FOs in the US
2014	Eigenheer (2014), MacDonald (2014)	6,000–9,000 SFOs in the US
2014	Wilson (2014)	7,000–10,000 SFOs globally
2015	FOX (2015) as cited in Rosplock (2015)	3,000 FOs and 6,000 embedded FOs in the US
2015	EY (2013, 2015)	3,000 SFOs globally
2016	EY (2016) as cited in Bloomberg (2017)	10,000 SFOs globally
2016	WEF (2016)	3,000 FOs globally
2017	FOX (2016) as cited Rivo-López et al. (2017)	2,500–5,000 FOs in the US

Table 2
Different Estimates of the Number of Family Offices
Note. Reproduced from *"Family Office Research Review,"* by J. E. Park & D. Kenyon-Rouvinez, 2020, *Journal of Wealth Management*, 23(1), p. 2. Copyright 2020 by Pageant Media Ltd.

3.2 Importance of Family Offices in the EU Economy

Family offices play a crucial role in the economy, particularly in Europe, by supporting entrepreneurial high-net-worth families in managing their assets, ensuring regulatory compliance, planning inheritance, and designing investment strategies that align with family values. These offices help preserve family wealth and provide tailored services, enhancing governance within family businesses by separating personal assets from business operations and educating younger generations on financial matters (Daniell & Hamilton, 2010; Gilding, 2003; Gray, 2005). Family offices contribute to economic growth, innovation, and sustainable development.

In Belgium, the investment behavior of family offices has undergone a significant transformation in recent years. While investments in 2015 were primarily concentrated in traditional assets such as real estate and funds, there has been a notable shift since 2020 toward direct investments in start-ups, private equity, and particularly impact investments (PwC, 2025). By 2024, impact investments accounted for 55% of Belgian family office portfolios, surpassing traditional investments for the first time (PwC, 2025). This trend reflects a growing commitment to generating financial returns alongside measurable social and environmental impact. The rise of impact-oriented strategies underscores the evolving role of family offices as catalysts for responsible and purpose-driven capital allocation.

Their financial resources and entrepreneurial know-how contribute significantly to financial markets and entrepreneurship. They also often invest in venture capital and private equity funds, supporting businesses of all sizes and fostering innovation, while engaging in philanthropy and social entrepreneurship (Bornstein, 2004; Gormley, 2007).

Furthermore, family offices' combination of entrepreneurial expertise and financial backing makes them ideal partners for small and medium-sized enterprises (SMEs) that require funding, thereby contributing to the broader economic landscape by promoting growth and innovation within these businesses. They provide financial resources, expertise from their previous entrepreneurial experiences, and long-term vision, creating a fertile ground for economic development.

As the number of ultra-high-net-worth individuals (UHNWIs) and high-net-worth individuals (HNWIs) continues to rise globally, family offices' importance only grows, as they serve as key players in shaping national economies and entrepreneurial financing landscapes and influencing sectors that drive progress. By offering expertise from previous enterprises on the operational, financial, and governance level, family offices ensure that long-term financial and non-financial goals are met, mitigating agency problems and driving long-term economic stability and prosperity.

3.3 Different Types of Family Offices

Family offices serve families with diverse financial and legal needs, leading to the formation of various family office structures. These structural differences directly influence the types of agency conflicts that may arise.

For example, single-family offices (SFOs) offer greater control but can experience principal-principal conflicts between family members or different generations. Multi-family offices (MFOs) introduce external management, increasing the risk of principal-agent conflicts (Park & Kenyon-Rouvinez, 2020). Understanding these structures is essential in evaluating how governance mechanisms can be optimized to mitigate agency risks in Belgian family offices.

The article by Park and Kenyon-Rouvinez (2020) in The Journal of Wealth Management provides a comprehensive summary of different types of family offices. The framework below illustrates how these structures differ based on their level of personal attention to families and their holistic approach to services (Park & Kenyon-Rouvinez, 2020, p. 6).

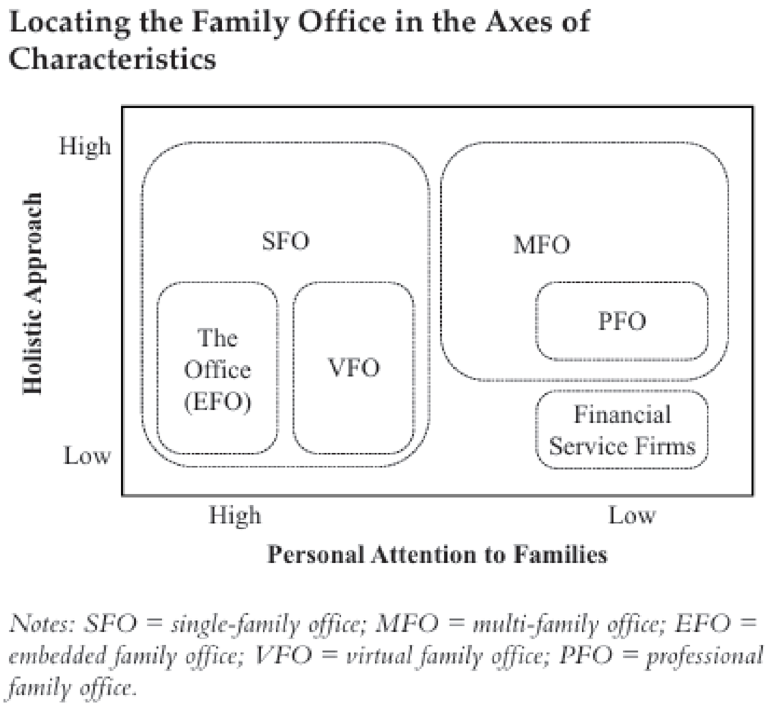

Table 3

Locating the Family Office on the Axes of Characteristics

Note. Reproduced from *"Family Office Research Review,"* by J. E. Park & D. Kenyon-Rouvinez, 2020, *Journal of Wealth Management*, 23(1), p. 6. Copyright 2020 by Pageant Media Ltd.

The first distinction is the number of families that the family offices serve. If only one family is serviced, this is called a single-family office, which can provide more personalized attention to the family. If more than one family is serviced, the organization is called a multi-family office. Within these two categories, some subcategories describe family offices with distinctive characteristics.

The embedded family office (EFO) is a type of single-family office embedded in the family business and is not a separate entity. In practice, a small office with limited staff is often responsible for the entrepreneurial family's financial and legal needs. These offices also frequently manage communication with the family about the family business. The virtual family office (VFO) is a variant of the single-family office, characterized by the fact that most services are outsourced to external providers of services and consultants. This form is sometimes used due to its low level of operational costs and high level of flexibility. The downsides of this form are that it is relatively slow and has more confidentiality risks.

The professional family office (PFO) is a multi-family office that often originates from a financial institution that offers services to its family clients. The fact that these family offices service multiple families decreases the personalized attention that the families receive. The family also does not own this type of family office, so the number of non-financial services is often limited due to confidentiality issues. Traditional financial service providers also offer financial services, but do not provide other services that other family offices offer, such as legal and tax services.

The second distinction is the level of use of a holistic approach. The holistic approach in family offices refers to the range of services offered by the family office and the integration of these services. Family offices use a holistic approach if they provide a broad and integrated range of services. This distinction can be observed when comparing a professional Family Office with Financial Service providers. PFOs offer a broader range of better-integrated services, in contrast to the smaller and less integrated services that financial service providers offer.

To better understand the landscape of family offices in Belgium, I categorized five examples for each type: Single Family Office (SFO), Multi-Family Office (MFO), Embedded Family Office (EFO), and Professional Family Office (PFO). This categorization is based on publicly available information on firm structures and activities (see Table 4).

Table 4

	Belgium				
SFO	GT&Co	Verlinvest	Korys	Alychlo	Baltisse Private Equity
MFO	Truncus	Miles Ahead Investment Company	Van Lanschot Belgium	Sienna Investment Managers	Finhouse
EFO	AB InBev (de Spoelberch Family)	Lotus Bakeries (Boone Family)	Studio 100 (Gert Verhulst)	Colruyt Group (Colruyt Family)	Etex Group (Emsens Family)
PFO	Delen Private Bank	Econopolis	Bel Invest Group	Virya Energy	Cobepa

3.4 Services of the Family Offices

Family offices offer various services, categorized differently by academics and organizations. Ernst & Young (2016) organizes these services into four core themes: financial planning, strategy, governance, and advisory. These themes encompass investment management, estate planning, administrative support, and tax and legal advice. Campden (2018) proposes a similar scope but divides services into investment-related activities, family professional services, administrative tasks, and general advisory roles.

The diverse range of services reflects families' recognition of financial and non-financial goals, such as socio-emotional wealth (SEW) and the emotional and social value of family control and legacy. Family offices are valued for flexibility, enabling families to address wealth preservation, social responsibility, and family cohesion.

Wealth preservation remains a primary focus, as highlighted by a 2016 World Economic Forum survey showing that over 90% of single-family offices (SFOs) prioritized wealth management. SEW also plays a significant role, encompassing family influence, community engagement, philanthropy, and long-term legacy-building through art collections and impact investments.

Family cohesion is another critical goal, especially during wealth transfers, which often introduce competing interests among family members. Governance structures and next-generation education are essential to mitigate disputes and maintain unity. Some family offices also handle personal tasks, such as travel bookings, to promote family happiness. Balancing financial and non-financial goals requires careful management to address all members' needs.

3.5 Investment Behaviour of Family Offices

Family offices' investment behavior differs from other financing providers, like private equity funds and venture capitalists. This difference can lead to different agency conflicts seen at private equity firms and venture capitalists. In the hypothesis that better alignment of investment strategies with family objectives could reduce these conflicts, effective governance and incentive systems are essential to achieving this and ensuring the success of Belgian family offices.

Family offices often originate from entrepreneurial families that have sold (a part of) their business or wish to reinvest their accumulated profits as a family. This origin creates a unique structure and dynamic compared to other business funding sources, such as venture capitalists and business angels. These differences influence not only the way family offices operate but also their investment behaviour and criteria. Examining and understanding this behaviour is crucial to understanding Family Offices' strategies and the agency conflicts that might arise from them.

The paper by Block, Fisch, Vismara, and Andres (2021) explores these distinctions, highlighting how family offices differ in their investment approach from other private equity players.

Private equity investors differ significantly in their approaches to evaluating potential investments, with Family Offices exhibiting different preferences than other investor types. While most PE investors, such as Venture Capitalists and Business Angels, prioritize scalability and revenue growth, FOs emphasize current profitability more. This conservative approach reflects their broader objective of preserving family wealth and ensuring the financial security of future generations. Unlike VCs and BAs, who are more willing to take risks on high-growth opportunities with uncertain outcomes, FOs prefer investments that offer immediate and stable returns, even if they lack significant growth potential.

The differences in investment behaviour are rooted in the unique motivations of FOs. Whereas Growth Equity Funds and Leveraged Buyout Funds may value profitability, their focus tends to be on maximizing returns for external stakeholders. In contrast, FOs are primarily concerned with the long-term preservation of the family's assets, which leads them to avoid investments that could endanger irreplaceable capital (Block et al., 2021; Gomez-Mejia et al., 2007). This conservative strategy often results in FOs assigning less importance to revenue growth than other PE investors, who view scalability as a critical driver of future value (Cennamo et al., 2012; De Massis et al., 2015). These differences underscore the distinctive role of FOs in the private equity ecosystem, as the dual objectives of wealth preservation and risk aversion shape their investment behaviour.

3.6 Conclusion

The literature on family offices reveals a lack of a universally accepted definition, making quantifying their presence and governance structures difficult. Despite this, family offices play an important role in wealth management and economic development, offering diverse services that extend beyond financial planning to governance and investment strategies. Their structures vary, ranging from single-family offices (SFOs) to multi-family offices (MFOs), embedded family offices (EFOs), and professional family offices (PFOs), each with distinct governance dynamics and agency risks.

Agency conflicts emerge due to the separation of ownership and management, particularly when professional managers with different risk appetites and investment priorities oversee family wealth. The literature highlights that family offices prioritize stability over high-growth investments, which can cause misalignment if managers have backgrounds in private equity or venture capital. Additionally, structural differences impact the severity of agency conflicts. SFOs allow greater control but may struggle more often with internal family disputes, while MFOs and PFOs face challenges balancing multiple family interests.

This research will examine how Belgian family offices navigate these agency conflicts by analysing governance mechanisms, incentive structures, and investment behaviours. The findings will contribute to understanding best practices for minimizing conflicts and ensuring long-term wealth preservation.

4 Agency theory - Literature

4.1 Agency Theory

Agency theory, which emerged in the 1970s through the work of scholars such as Barry M. Mitnick (1975) in institutional theory and Jensen and Meckling (1976) in economics, explains the relationship between a principal and an agent. In this relationship, the agent acts on behalf of the principal, representing their interests. However, this relationship often leads to problems because the goals and interests of the two parties are not always the same. These issues are known as agency conflicts. Such conflicts can be reduced by aligning the agent's goals with the principal's.

Common examples of principal-agent relationships include lawyer-client, advisor-client, lobbyist-interest group, and, importantly for this study, family officer-family. This thesis focuses on the relationship between family officers and the families they work for, examining the problems that can arise and exploring ways to solve or prevent these issues.

4.2 Agency conflicts

Agency conflicts arise when principals and agents have misaligned goals and information asymmetries (Eisenhardt, 1989). These conflicts are particularly relevant in family offices, where ownership and management may be separated, leading to trust, control, and decision-making power issues.

Moral hazard occurs when agents act in ways not fully observable by the principal, leading to potential incentive misalignments. For example, in traditional corporations, managers might prioritize their benefits, such as excessive compensation, over shareholder value. In the context of family offices, moral hazard may arise if professional managers prioritize short-term financial performance over the family's long-term vision.

Conversely, adverse selection occurs when agents have private information before entering a contract, leading to suboptimal decision-making by the principal. In family offices, this could manifest in hiring external wealth managers or investment advisors who may not fully align with the family's risk tolerance or governance philosophy.

Unlike publicly traded firms, family offices typically have highly concentrated ownership structures, meaning traditional principal-agent conflicts related to dispersed shareholders are less common. Instead, family offices are more prone to principal-principal conflicts, where dominant family members may prioritize personal, non-financial objectives, such as preserving socio-emotional wealth over financial returns. This can create tensions between family members regarding investment decisions, succession planning, and governance structures.

To mitigate these conflicts, family offices often employ governance mechanisms such as independent advisory boards, precise succession planning, and performance-based compensation structures to ensure alignment between professional managers and the family's long-term objectives.

4.3 Agency conflict solutions used by other financing providers

Agency conflicts arise when the interests of principals (such as family owners) and agents (such as professional managers) diverge, making incentive alignment and accountability crucial. Standard solutions include performance-based compensation, equity ownership, independent boards, and external audits.

Research by McConaughy (2000) suggests that family-member CEOs often require fewer performance-based incentives because their intrinsic motivations align with long-term value creation in family-controlled firms. However, this dynamic differs in family offices, where CEOs and top executives are more frequently non-family professionals. As a result, performance-based incentives and governance mechanisms play a more critical role in mitigating principal-agent conflicts between the family owners and external managers.

Despite this, incentive structures remain an important governance tool in family offices, ensuring that professional managers' strategic and financial decisions align with the family's objectives. Structured compensation models, combining fixed salaries with long-term incentives, help balance the intrinsic motivations of family members with the performance-driven approach of external executives. This ensures that agency conflicts are minimized while maintaining the family’s wealth management goals.

Families can mitigate agency conflicts through formal and informal control mechanisms.

These include:

- Incentive-based compensation (e.g., co-investment, deferred bonuses, carried interest)
- Governance structures (e.g., family charters, investment committees, independent board members)
- Oversight and communication tools (e.g., quarterly reporting, risk committees)

These mechanisms aim to align the goals of family officers and principals, reduce information asymmetry, and prevent opportunistic and short-term oriented behaviour. The effectiveness of each tool depends on the degree of professionalism, the clarity of the mandate, and the family’s willingness to formalize decision-making.

In Chapter 8, we examine which mechanisms are applied in Belgian family offices and assess whether they succeed in mitigating the types of agency conflicts described earlier. This theoretical framework will be used to interpret the interviews' findings and assess whether observed governance practices and conflict dynamics confirm, extend, or challenge established insights in the family business and agency literature.

Communication plays a particularly central role in these mechanisms. In the context of family offices, communication is not merely operational but acts as a structural tool to reduce information asymmetries, one of the core drivers of agency costs (Eisenhardt, 1989). Transparent, ongoing communication reduces the risk of moral hazard by making expectations, roles, and outcomes visible.

In family-controlled settings, where emotional ties and informal norms often limit the use of hard contractual control, communication becomes a vital relational governance mechanism (Schulze et al., 2001).

Structured communication tools like family councils, digital platforms, regular reporting cycles, and education programs help bridge generational and professional gaps. Garg and Eisenhardt (2017) point out that open and adaptive communication fosters trust and goal alignment between principals and agents, particularly in dynamic or ambiguous environments. This study considers communication a functional element of governance and a key mechanism for mitigating agency conflict. Chapter 8 explores how these communication practices operate in Belgian family offices and evaluates their perceived effectiveness.

4.4 Agency theory applied to family offices

4.4.1 Typology of Agency Conflicts in Family Offices

Families managing significant wealth encounter a complex interplay of agency conflicts, including principal-agent, principal-principal, altruism-induced, and family blockholder conflicts, as Zellweger and Kammerlander (2015) noted. These conflicts arise from diverse factors such as information asymmetries, misaligned incentives, and competing family interests. To mitigate these challenges, families increasingly rely on intermediary governance structures, such as family offices and trusts, which help reduce family blockholder conflicts by separating ownership and management. However, as Zellweger and Kammerlander emphasize, this separation introduces double-agency costs, wherein fiduciaries and professional managers may exploit their intermediary positions for personal gain, creating new layers of complexity. Table 5 provides an overview of the various agency conflicts, highlighting their characteristics and implications for family governance.

Agency Conflicts in Family Business Governance

Type of conflict	Description of resulting costs
Principal–agent conflict, owing to diverging interest	Agency costs to incentivize and monitor the agent to ensure that he/she acts in th principal's interests
Principal–agent conflict, owing to altruism	Agency costs to incentivize and monitor the family agent because altruism create free-riding opportunities for family agents
Majority-minority-owner conflict	Agency costs from a majority (family) blockholder expropriating nonfamily minority owners
Family blockholder conflict	Agency costs from aligning heterogeneous interests among family blockholders
Double-agency conflict	Agency costs from aligning interests of agents monitoring other agents from the double separation of ownership and control

Table 5

Types of Agency Conflicts in Belgian Family Offices

Note. Reproduced from *"Family Offices: Governance, Strategy, and Performance"* by J. E. Park & D. Kenyon-Rouvinez, 2020, *Journal of Wealth Management, 23(1), p. 12. Copyright 2020 by Pageant Media Ltd.*

In the context of family offices, based on table 5 (Park & Keynon-Rouvinez, 2020) these agency conflicts can be further classified into four analytically distinct types that are used throughout this thesis:

- Principal–agent conflicts refer to misalignments between the family (as principal) and the family officer or other professional managers (as agents). These often stem from different risk preferences or time horizons, where professionals may pursue returns inconsistent with the family's conservative or legacy-oriented goals.
- Principal–Principal conflicts occur between different family members acting as co-owners. These conflicts are common in multi-generational family offices where preferences diverge, for example, between siblings or across generations regarding distribution policy or investment strategy.
- Altruism-induced conflicts emerge when emotional ties and loyalty within the family lead to inefficient governance practices, such as retaining underperforming family members in key roles. As Schulze et al. (2001) argue, altruism can exacerbate agency costs in family-controlled firms.
- Double-agency conflicts arise when professional family officers delegate responsibilities to third parties, such as external asset managers. Each layer introduces new incentives and potential misalignment, increasing the complexity of monitoring and accountability.

These types of conflicts are not mutually exclusive and often interact in practice. Throughout the empirical analysis, this typology is used to classify observed tensions and clarify which mitigation mechanisms (such as governance structures, incentive alignment, or communication practices) are most relevant to each conflict type.

4.4.2 Governance Structures and the Separation of Control

Zellweger and Kammerlander (2015) depict the degree of separation between family and assets across governance models, such as the uncoordinated family, embedded family office, single family office, and family trust. These models represent a continuum of increasing professionalization and separation, with trade-offs between reducing family block holder costs and managing double-agency risks.

For example, a single-family office centralizes wealth management under professional oversight, reducing family interference but potentially empowering fiduciaries to counter family interests. Meanwhile, family trusts offer maximum separation but are also the most susceptible to double-agency issues due to their reliance on fiduciary discretion. Figure 6 outlines these governance models, illustrating the trade-offs between agency costs and governance complexity inherent in each approach.

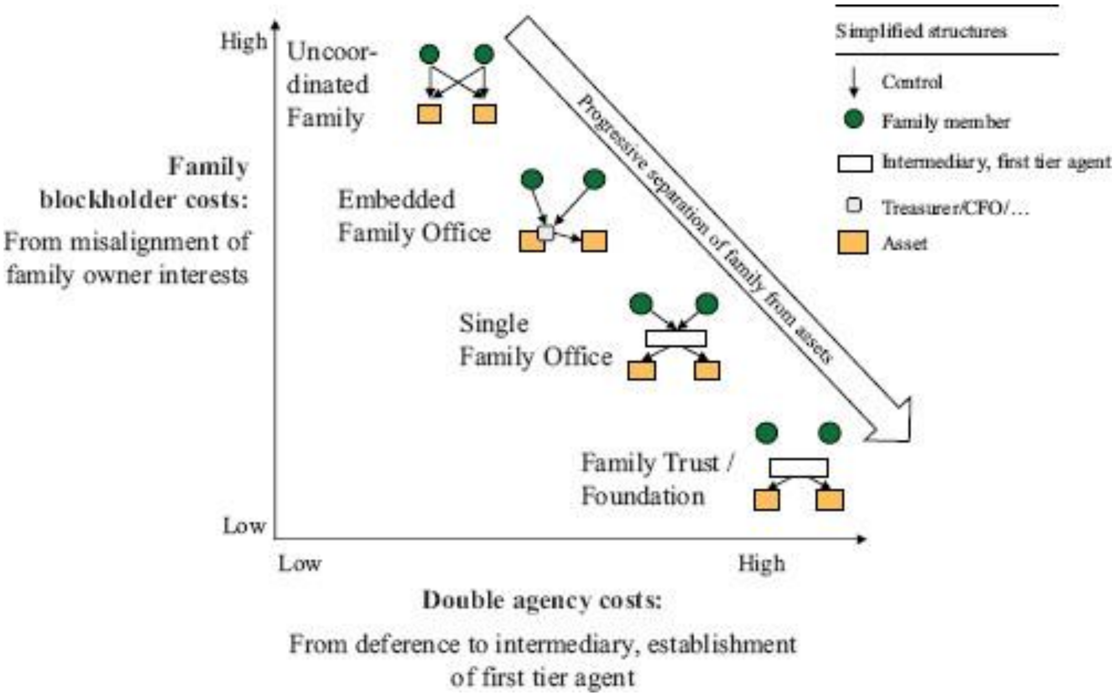

Figure 6

Agency Costs and Family Office Structures

Note. Reproduced from *"Family Offices: Governance, Strategy, and Performance"* by J. E. Park & D. Kenyon-Rouvinez, 2020, *Journal of Wealth Management, 23(1),* p. 14. Copyright 2020 by Pageant Media Ltd.

This study shifts the focus of family firm governance research from a unitary-family perspective to the complexities of multiple family owners with diverging preferences. This approach is particularly significant for large, multigenerational families that oversee substantial and diverse wealth. The study identifies two critical agency costs in this context: family blockholder costs, stemming from heterogeneous family member interests, and double-agency costs, which arise when professional intermediaries, such as family offices or trusts, manage assets on behalf of the family. While separating family and assets can mitigate blockholder conflicts, it simultaneously introduces risks of misaligned incentives between intermediaries and family principals, underscoring the trade-offs inherent in such governance structures.

4.4.3 Complex Roles and the Need for Flexible Governance

The research highlights the challenges and advantages of governance mechanisms like family offices, trusts, and parent-subsidiary structures, particularly in managing complex portfolios typical in later-generation families. These mechanisms can improve wealth preservation and efficiency, but exacerbate agency conflicts if not carefully managed. Furthermore, the study provides a fresh perspective on preserving family wealth, exploring how agency forces can secure or undermine its longevity. It also underscores the importance of aligning family members' interests to mitigate conflicts that might otherwise jeopardize the success of family-controlled wealth. This governance- and agency-based lens offers valuable insights into the dynamics of family wealth management, with implications for both academic research and practical application in sustaining family influence across generations.

This issue is particularly relevant in family offices, where agency conflicts can emerge due to the varying roles of family members and non-family managers. According to Wessel, Decker, Lange, and Hack (2023), the family office structure is unique. It often involves multiple actors with differing goals and interests, including family owners, managers, and other stakeholders. These complex relationships can lead to conflicts between principals (the owners) and agents (the family office managers) and among different principals, as family members may have competing objectives. This dynamic requires tailored control mechanisms to ensure the alignment of goals and mitigate the risk of value appropriation, as suggested by Eisenhardt (1989) and others.

The family office context exemplifies the challenges of agency theory, particularly when ownership and control become blurred. As Wessel et al. (2023) argue, the traditional model of a principal-agent relationship, where the family acts as the principal and the office management as the agent, may be overly simplistic. For example, a wealth owner who also manages the office may combine the roles of principal and agent, mitigating the classic agency problem. However, if the owner manages the wealth of non-involved family members, an agency relationship is created between the owner and those family members. Moreover, the involvement of non-owning managers, who may co-invest with the family, introduces additional complexity and potential conflicts of interest. Thus, family offices require flexible governance strategies to effectively navigate the interplay of ownership, control, and agency dynamics.

5 Central Research Question and Conceptual Framing

Agency conflicts within organizations have long been a focus of academic inquiry, particularly in contexts where ownership and management diverge. In family offices, these conflicts gain unique dimensions due to the family's intertwined personal and financial interests and the professionals managing their wealth. Building on the framework of Schulze et al. (2001), who identified altruism and familial dynamics as amplifiers of agency costs in family-managed firms, this research examines the specific case of Belgian family offices.

This study's central research question is: **"What agency conflicts occur within Belgian family offices, and how can these be minimized?"**

This question explores whether the professionalization of wealth management in family offices leads to misalignments between the objectives of the family (principals) and family officers (agents) and what mechanisms can effectively address these tensions.

Rather than testing hypotheses, this qualitative study is guided by sensitizing concepts from agency theory (Eisenhardt, 1989; Schulze et al., 2001) and family business governance literature (Park & Kenyon-Rouvinez, 2020; De Massis, Kotlar, Campopiano, & Cassia, 2015). These concepts inform the research focus without imposing predefined expectations.

Three thematic domains structure the inquiry:

1. **Existence and origins of agency conflicts**
   Drawing on Park & Kenyon-Rouvinez (2020), this theme examines how agency tensions arise from differences in investment objectives, governance preferences, and control mechanisms between families and family officers.

2. **Governance and incentive structures**
   Inspired by Eisenhardt (1989) and Schulze et al. (2001), this theme explores how mechanisms such as long-term bonuses, stock options, or independent oversight are employed to mitigate agency conflicts. It also considers why these tools are more effective in some offices than others.

3. **Differences in risk perception and strategic alignment**
   Building on De Massis et al. (2015), this theme investigates how diverging levels of risk aversion between families and officers influence investment strategy, particularly in illiquid asset classes such as private equity. It further explores how these differences are managed through governance, dialogue, and strategic frameworks.

By applying established theoretical insights to the underexplored context of Belgian family offices, this study aims to deepen our understanding of agency dynamics and identify actionable approaches to managing conflicts in this unique organizational setting.

6 Research Design

This study adopts a qualitative research approach to explore agency conflicts and their mitigation within Belgian family offices. Semi-structured interviews have been chosen as the primary data collection method. This approach ensures a consistent interview framework while providing the flexibility to delve deeper into unique insights or emerging themes.

6.1 Purpose and Objectives

The aim of this research is twofold. First, it seeks to provide an overview of the various governance structures currently used by Belgian family offices. Second, it aims to develop best practices grounded in empirical evidence. These practices are designed to help families who are setting up or reorganizing a family office. They offer guidance on critical issues such as ownership and control, performance-based compensation for staff, and the organization of internal communication. Although each family office reflects the unique values and goals of the family it serves, the repetition of certain practices points to emerging organizational models that support long-term stability and effective management.

In addition, the research investigates whether agency conflicts exist between family officers and the families they serve, and how these conflicts can be minimized. The study examines decision-making processes, governance mechanisms, incentive structures, and communication strategies within family offices. The central research question, “Are there agency conflicts within Belgian family offices, and how can these be minimized?” is the foundation for the inquiry, supported by hypotheses that address the nature and dynamics of these conflicts.

6.2 Interview Structure

The semi-structured interviews are organized into six thematic sections to ensure comprehensive coverage of the research topic. These interview sections are also visible in the interview guide used as a guideline for the interviews, which is included in the appendix. The interviews begin by gathering information about the general background of the family office, including its structure, operations, and relationship dynamics. The discussion then shifts to the participants’ perceptions of agency conflicts, exploring whether conflicts have arisen and how differences in goals or priorities between family officers and families manifest in practice. The decision-making dynamics are examined in detail, focusing on how key decisions are made, how disagreements are resolved, and the family involvement level in daily operations and long-term planning.

The interviews also explore governance and oversight mechanisms, aiming to uncover the role of contracts, transparency practices, and other structures that facilitate alignment between family offices and the families they serve. They then examine incentive structures designed to align the interests of family officers with those of the family. Finally, the interviews address mitigating conflicts by discussing existing strategies, their effectiveness, and opportunities for further improvement.

6.3 Participant Selection

Belgium hosts a diverse and evolving family office landscape, encompassing single-family offices (SFOs), multi-family offices (MFOs), private family offices (PFOs), and embedded family offices (EFOs). While no official register of family offices exists and the concept lacks a distinct legal definition in Belgium, recent estimates suggest that approximately 103 SFOs and around 90 MFOs operate across the broader Benelux region, including the Netherlands and Luxembourg (Family Office Hub, 2024). These figures, though indicative, should be interpreted with caution, as they derive from a non-academic source and reflect regional trends rather than country-specific data. Moreover, many family offices operate discreetly, often under the radar through private legal structures such as holding companies or patrimonial vehicles. PFOs typically function with minimal public visibility, while EFOs are embedded within active family businesses, blending operational oversight with private wealth management. Including representatives of all four models in this study helps capture the full range of organisational forms and governance approaches within the Belgian family office ecosystem.

The target participants for this study are family officers, professional agents operating within Belgian family offices. The initial research design aimed to include family officers and principals to capture a broader spectrum of perspectives. However, this proved unfeasible in practice due to confidentiality constraints. High-net-worth families who establish a family office often do so to shield themselves from the complexities and burdens associated with asset management. Their preference to delegate operational matters and avoid participation in research interviews is, in this context, unsurprising. Although outreach was conducted to a broader group, several potential participants declined to be interviewed, citing discretion and privacy concerns.

A total of 56 potential participants were contacted through various channels. The interviewees were approached through 6 different channels: email, LinkedIn messages, website contact forms, personal connections, referrals from the head editor of "De Bestuurder" and family officers.

- Emails were sent to two types of addresses: general info@ addresses and the personal email addresses of family officers. The email template used for this purpose is included in this document.
- LinkedIn messages were directed either to the family officer's personal profile or to the family office's LinkedIn page. A shorter version of the email template was used here, adapted to fit LinkedIn's character limitations. This version is also provided in this document.
- Many larger family offices maintain a website, often with a built-in contact form. These forms were completed using the same message template as for the emails.
- Some family officers were contacted through personal connections. I contacted individuals in my network who are well-connected in the business world. These contacts facilitated introductions to several family officers, which contributed to establishing trust and underscoring the confidential nature of the research.
- Additionally, I collaborated with the organisation "De Bestuurder," which hosts seminars and networking events for board members of Belgian companies and publishes a quarterly newsletter on corporate governance trends. The editor-in-chief introduced me to a law firm specialising in M&A law, which connected me with several family officers.
- Finally, during the interviews, I asked participants whether they knew other family officers interested in contributing to the research.

As shown in the table and figures below, 17 responded and 13 ultimately participated in the study, resulting in an overall interview rate of 23%. The most effective contacting methods were referrals (both through personal connections and the publication "De Bestuurder"), which had a 100% response rate and high interview conversion. Contacting via personal email also proved relatively effective. In contrast, cold outreach through info@ addresses and LinkedIn messages had much lower success rates.

	Contacting method	Reached	Response	Interviewed	Response rate	Interview rate
Email	Personal e-mail address	12	5	5	42%	42%
	Info@ e-mail adress	24	5	3	21%	13%
Referral	Referral through "De bestuurder"	2	2	1	100%	50%
	Referral through personal connections	3	3	2	100%	67%
Other	Contact form on the website	1	1	1	100%	100%
	Linkedin message	14	1	1	7%	7%
	Total	56	17	13	30%	23%

Figure 7
Own work. (2025). *Contacting Methods and Corresponding Response and Interview Rates*

This table summarizes the effectiveness of different outreach methods used to recruit participants, including personal email, referrals, LinkedIn, and contact forms.

6.4 Sampling methodology

This study used a convenience sampling approach, complemented by snowball sampling. Participants were selected based on availability and willingness to participate. Snowball sampling was employed to expand the respondent pool, as initial interviewees referred trusted contacts within their networks. This approach is particularly relevant for hard-to-reach populations such as family offices, where confidentiality is considered a priority.

Given the exploratory nature of the study and the limited accessibility of family officers, both convenience and snowball sampling were necessary. Family offices are often private and discreet organizations, making establishing initial contact through probabilistic methods complex. Convenience sampling allowed the researcher to initiate interviews efficiently and cost-effectively, while snowball sampling was instrumental in accessing a broader but still relevant pool of participants through peer recommendations.

Although both methods carry limitations related to representativeness, such as potential selection bias and homogeneity within respondent networks (e.g., 'friends of friends' responding similarly), these concerns are partially mitigated in this context. The target population of Belgian family officers is relatively small and specialized, which increases the likelihood of shared characteristics across respondents. Nevertheless, the findings should be interpreted cautiously, acknowledging the sample's non-random nature and its implications for generalizability. Such sampling methods are therefore justified in studies where gaining access to expert or privileged respondents is more critical than achieving statistical representativeness.

Although Table 4 distinguishes between Single Family Offices (SFOs), Multi Family Offices (MFOs), Embedded Family Offices (EFOs), and Professional Family Offices (PFOs), the final sample comprises only SFOs, MFOs, and one case classified as a PFO. Several EFOs were contacted during the contacting process, but either declined to participate or did not respond, primarily due to confidentiality concerns.. Despite limitations in representativeness, this sampling approach provided access to high-level practitioners and enabled the collection of rich qualitative data.

Figure 8 provides a detailed classification of the sample, combining the type of family office and its primary investment strategy. The sample consists of nine Single Family Offices (SFOs), three investing exclusively in private equity, five diversifying across private equity, public equity, and real estate, and one focusing on private and real estate. Among the three Multi Family Offices (MFOs), one is active in private equity, while two concentrate solely on public equity investments. The final interviewee represents a Professional Family Office (PFO), which focuses exclusively on private equity investments.

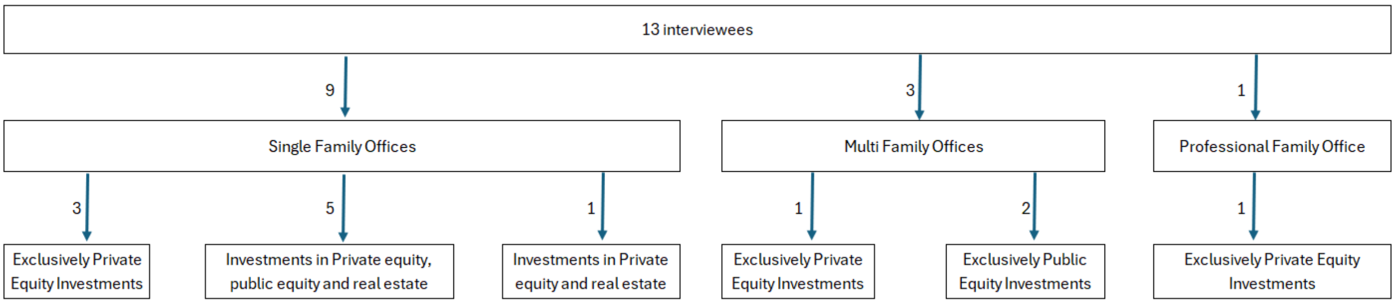

Figure 8

Own work. (2025). *Sample by type of family office and investment focus.*

6.5 Data Collection and Analysis

Interviews were conducted online or in person, depending on participant preferences and availability. Of the thirteen interviews conducted, eleven took place online and two were held face-to-face. This hybrid format allowed for scheduling flexibility while enabling more direct engagement. All interviews were recorded with prior consent to ensure accuracy in transcription and analysis. The responses to identical questions across the thirteen interviews were systematically compared to analyse the interview data. This cross-case comparison identified recurring themes, common viewpoints, and notable divergences among the interviewed family officers. By examining how each respondent addressed the same topics, such as governance structures, incentive schemes, and risk management practices, patterns emerged that provided a basis for drawing conclusions related to the study's hypotheses on agency conflicts. This comparative approach ensured that insights were grounded in consistent evidence across cases, rather than isolated perspectives.

Interviewee number	Reference code in results	Contacting method	Role of the interviewee	Description of the family office	Type of interview
Interviewee 1	I1	E-mail (personal adress)	Chief Executive Officer	Single family office: investments in real estate, public and private equity funds, portfolio of listed and internationally operating companies and holding to be held for the long term, provides also taks and legal services for the family	online
Interviewee 2	I2	E-mail (personal adress)	Chief Executive Officer & Member of the Executive Board	Single family office: investments in private equity, core equity and fund investments	online
Interviewee 3	I3	E-mail (personal adress)	Managing partner	Single family office: exclusively private equity investments	online
Interviewee 4	I4	E-mail (personal adress)	Chief Executive Officer	Multi family office with branches: Investment department (exclusively private equity investments) and private office (integrated wealth management services)	online
Interviewee 5	I5	Referral through personal connection	Chief Executive Officer	Multi family office with branches: Asset management (public equity) and family office (integrated wealth management services)	online
Interviewee 6	I6	Contact form on the webiste	Investment manager & Member of the Executive commitee	Single family office: exclusively private equity investments	online
Interviewee 7	I7	E-mail (personal adress)	Head of the Family Office	Single family office: real estate and private equity investments	online
Interviewee 8	I8	Linkedin message	General manager	Single family office: investments in public and private equity funds and real estate	online
Interviewee 9	I9	E-mail (personal adress)	Partner & Investment director	Evergreen holding company: number of entrepreneurial families that make direct investments in private equity	online
Interviewee 10	I10	Referral through personal connection	Chief Financial Officer	Single family office: investments in public and private equity funds and real estate	in-person
Interviewee 11	I11	E-mail (personal adress)	Managing director	Single family office: investments in public funds, real estate and direct private equity investments	online
Interviewee 12	I12	E-mail (personal adress)	Chief Executive Officer	Single family office: real estate, public and private equity fund investments and direct private equity investments	online
Interviewee 13	I13	Referral through "De bestuurder"	Managing partner	Multi family office: exclusively advice on public equity investments	in-person

Table 9
Own work. (2025). *Overview of Interview Participants: Contact Method, Role, and Office Description*

A detailed overview of the interview sample is presented in Table 9, including the method of contact, role of the interviewee, type of family office, investment strategy, and whether the interview was conducted online or in person. Each interviewee has been assigned a reference code (e.g., I1, I2, etc.) used throughout the results chapter to attribute specific observations while maintaining anonymity. The variation in the family offices' structure and the participants' professional backgrounds provides important context for interpreting the diversity of governance and investment practices discussed in Chapter 7.

While the equity capital of the individual family offices included in this study cannot be disclosed due to confidentiality agreements, public financial data suggest that Belgian family offices reported equity levels in 2022 ranging from approximately €30 million to €1 billion (Depuydt, 2023). These figures, however, represent the book value of equity as reported in financial statements and may not fully reflect the economic value of assets under management. Family offices often operate through legal entities that do not consolidate all investment vehicles or associated holdings. As such, these data may offer an outdated or incomplete view of their current financial position.

The legal and governance structures adopted by Belgian family offices are highly diverse and shaped by differences in scale, investment philosophy, and generational involvement. While single-family and multi-family offices often share core functions, their legal embedding and organisational models differ significantly. Standard structural features include holding companies (e.g., BV, NV, CommV) to organise investments and protect assets, multi-tiered governance bodies that separate ownership from management, and formal coordination mechanisms, such as investment committees, that guide strategic decision-making. These structures facilitate tax efficiency and asset segregation and support long-term succession planning and risk management in an increasingly complex family office landscape.

6.6 Ethical Considerations

The study follows strict ethical guidelines to protect participants' rights and confidentiality. All data will be anonymized, and participants will be fully informed about the study’s objectives and rights, including the option to withdraw from the research at any stage. Responses will be used solely for academic purposes, ensuring the integrity and ethical soundness of the research.

This research design provides a structured yet adaptable framework for investigating agency conflicts in family offices, offering the depth and flexibility needed to address the nuances of this complex topic. The following section about the results and conclusions will completely anonymize the participants. No direct quotes or practices will be linked to a specific family office. This decision was made because of the sensitivity of the content of the interviews, and most of the study participants also requested this.

7 Interview results

7.1 Introduction

This chapter synthesizes findings from thirteen semi-structured interviews with experienced family officers from Belgian family offices. The findings were analysed using thematic analysis. Interview transcripts were systematically reviewed and coded according to predefined themes aligned with the research objectives, such as governance structures, risk management, incentive mechanisms, and internal communication. Responses from different interviewees were compared across these thematic categories, allowing for the identification of recurring patterns, contrasts, and outliers. This comparative analysis concluded shared practices and structural trends across the various family offices.

To preserve confidentiality while ensuring analytical traceability, each interviewee was assigned a unique reference code (e.g., I1, I2, … I13). These codes are used consistently throughout Chapter 7 to indicate the source of specific insights, without revealing any identifying information about the family offices involved. This is outlined in the introduction to the results chapter and illustrated in Table 9 of this thesis.

Example of use:

For example, the family officer reported that older family members strongly preferred conservative asset classes such as real estate and bonds. In contrast, the family office advocated for greater exposure to private equity **(I6).** The respondent explained how a formal risk charter was explicitly introduced to reconcile diverging views between the family's emotional risk perception and the family office's analytical framework **(I12).**

By linking findings to coded sources, the chapter supports the analytical rigor of thematic conclusions while fully respecting the confidentiality agreements established with participants.

Recurring patterns emerged around key operational dimensions such as organizational structure, risk tolerance, incentive mechanisms, and communication between the family office and the owning family. The chapter does not include direct quotations or identifying references to protect participant confidentiality. Instead, it focuses on aggregated insights and structural decisions observed across multiple interviews.

This synthesis was conducted in full alignment with the study's ethical framework. All participants were informed of their rights, and interviews were anonymized. Given the sensitivity of the information and explicit participant requests, no quotes or practices are linked to specific family offices. This approach balances analytical rigor with ethical responsibility.

By organizing the findings thematically, this chapter highlights the diversity and the common ground among Belgian family offices. Structural decisions, such as whether to manage investments in-house or outsource them, often depend on the complexity of the family's assets and their willingness to take on risk. Communication approaches also vary, but tend to be more formal and institutionalized in multi-family offices. While risk management strategies differ, most offices adopt a cautious, long-term investment outlook shaped by family priorities rather than market timing. Together, these insights offer a clearer understanding of the governance landscape in Belgian family offices and provide practical tools for families aiming to build resilient and professionally managed structures.

This chapter maps out governance structures and operational models and examines how tensions between family principals and family officers manifest in practice, such as diverging investment objectives, governance ambiguity, incentive misalignment, and conflicting risk perceptions. The theoretical framework identified these themes as typical sources of agency-related frictions. The following sections analyse how these tensions emerge, how they are managed, and which mechanisms contribute to alignment or conflict mitigation.

7.2 Organizational Structures

Family offices are typically founded in response to a significant liquidity event, such as the partial or full sale of a family business or the accumulation and subsequent monetization of wealth over successive generations. This transformation of illiquid assets into financial capital prompts the need for a centralized and professionalized structure to manage, preserve, and strategically deploy the family's wealth. The family often seeks to retain control while delegating day-to-day financial, legal, and administrative responsibilities to dedicated professionals within the office.

Differences in governance preferences emerged in how decision rights were allocated between the family and the family office. In some cases, tight family control created inefficiencies; in others, too much discretion for the family office led to friction and confusion about decision-making authority (I8, I12). These observations illustrate how unclear governance structures and mandate ambiguity can lead to internal tensions and coordination problems. For instance, some interviewees described blurred mandates or insufficient clarity on investment autonomy (I8, I10), while others pointed to over-formalized procedures that slowed down operations and frustrated professionals (I6). These dynamics reflect the broader theme of principal–agent misalignment when governance structures do not delineate roles, responsibilities, and control mechanisms.

7.2.1 Structure of a single family office

The structures of single-family offices (SFOs) vary in complexity. However, a frequently observed model is that of a holding company encompassing several subsidiary entities, each tailored to distinct asset classes. A typical structure includes a holding company that controls a real estate entity, directs private equity participations, and fund investments across both private and public markets (I1, I8, I10, I12).

Real estate assets are often transferred to a dedicated real estate company to optimize fiscal efficiency and facilitate asset segregation. This allows for full deductibility of mortgage interest and other real estate-related expenses such as insurance and maintenance, rendering it fiscally more advantageous than holding property in the name of individual family members. Additionally, shares in such a real estate company can typically be transferred to future generations at a favourable tax rate, offering a second layer of fiscal benefit (I11).

In more complex structures, a type of foundation, in Dutch called a “Stichting Administratiekantoor (STAK)”, is interposed above the holding company (I11). The STAK legally owns the shares in the holding company and issues depositary receipts (in Dutch called “certificaten van aandelen”) to the beneficial owners, typically the family members. This structure separates legal ownership and economic entitlement, enhancing governance, centralizing control, and supporting long-term succession planning. It also serves as a protective mechanism against fragmentation of ownership and external interference, reinforcing the continuity of the family office across generations.

7.2.2 Structure of a multi-family office

The structure of a typical multi-family office (MFO) in Belgium differs heavily from the single-family office structure described in the previous paragraph. The typical Belgian MFO is a separate company that provides advice and services to families that mostly own a holding company with different direct and/or fund investments (I4, I5).

These family offices often offer a broad range of services, including estate planning, legal coordination, asset management, and educational support for the next generation (I4, I5). The service model was frequently described as flexible and menu-based, where family members can opt into specific offerings (I5).

A particular strength mentioned by MFO managers was their ability to work with multiple families, allowing them to build internal expertise and insource services such as estate planning, legal, and tax support, resources often out of reach for smaller single-family offices (I5, I9). By pooling client needs, MFOs can justify hiring full-time legal and tax experts specializing in family office structures and dynamics. This internal specialisation offers continuity and tailored advice. It can be more cost-effective than relying on external advisors, who often lack deep familiarity with the specific needs of family offices. Some MFOs, however, focus solely on investments, building asset allocation strategies, and managing portfolios for multiple families (I9, I13).

In these cases, double agency relationships often emerge: the family office acts as an agent for the family while monitoring and coordinating external asset managers (sub-agents) who control parts of the portfolio (I13). Interviewees described how this layered delegation introduces additional risk, primarily when sub-agents operate under different incentives or lack transparency (I13). These situations underscore the importance of precise oversight mechanisms and structured reporting lines, particularly in professionalized multi-client settings where control fragmentation can amplify governance risk and opportunistic behaviour.

7.3 Governance Structures in Single vs. Multi-Family Offices

Family offices differ widely in how they structure their governance, depending on whether they serve a single or multiple families. Single-family offices (SFOs) typically adopt customized governance models that reflect the family’s values, preferences for involvement, and long-term objectives (I1, I3, I6, I7, I8, I10, I12). In contrast, multi-family offices (MFOs) emphasize professionalization and operational simplicity, often resulting in more standardized and streamlined structures (I4, I5, I9).

This chapter examines the core governance components of SFOs, namely the General Meeting or Family Council, the Board of Directors, and the Investment Committee. It contrasts these with the leaner governance typical of MFOs. Across interviews, family officers described governance as both a mechanism for alignment and a potential source of friction when roles and responsibilities were unclear (I6, I8). These findings reinforce the importance of clear role definition and mandate clarity as foundational elements of effective governance in family offices.

7.3.1 General Meeting or Family Council in Single Family Offices

In single-family offices, governance typically begins with a General Meeting of Shareholders or a Family Council, composed of all family members and the designated Family Officer. This body meets once or twice a year and serves as the highest decision-making forum regarding family involvement (I6, I8). Its responsibilities include electing family representatives to the Board of Directors, indicating dividend policy preferences, and discussing long-term asset allocation at a strategic level.

Although its influence on daily management is limited, this forum plays a symbolic role in maintaining intergenerational unity and legitimacy. Interviewees noted its importance in communicating shared goals and fostering inclusion, especially when families have multiple branches or generations (I6, I8). The theme of intergenerational governance cohesion emerges here as a critical, though often informal, mechanism for reinforcing alignment.

7.3.2 Board of Directors in Single Family Offices

The Board of Directors is central to strategic and operational decision-making in SFOs. Most boards meet quarterly and include a mix of family members, the Family Officer, and often one or more independent directors with legal or financial expertise (I1, I6, I8, I12).

Including non-family members was frequently cited as introducing objectivity and external discipline into the governance process (I1, I7). In several cases, this external professional oversight was associated with reduced internal friction and greater investment discipline (I6, I12). These examples illustrate how governance mechanisms, such as board composition, contribute to balancing family preferences with professional standards.

At the same time, some respondents cautioned that overly tight family control within the board could limit responsiveness and hinder autonomy for professional officers (I6). This again highlights the tension between control and delegation, and the need for a deliberate balance that reflects the family's strategic vision and the family office's operational realities.

7.3.3 Investment Committee in Single Family Offices

The Investment Committee (IC) is a specialized governance body within single-family offices (SFOs). It is responsible for preparing, assessing, and filtering investment decisions before they are brought to the Board of Directors for final approval. In most offices, the IC includes the Family Officer, one or more internal investment professionals, and at least one family member (I6, I7, I8, I10, I12). These committees typically meet monthly or bi-monthly and play a central role in ensuring that new investments align with the family's risk profile and long-term objectives.

Several interviewees emphasized the IC's importance in structuring financial information and supporting decision-making, particularly in complex portfolios where transparency and discipline are essential (I6, I8, I12). In some offices, the IC also acts as an early filter, rejecting proposals that lack strategic fit or sufficient risk mitigation (I7, I10). While the final investment authority usually rests with the Board, the IC's role in conducting due diligence and preparing recommendations was consistently considered critical.

The widespread use of investment committees, with family and professional staff representation, serves as a key governance mechanism to balance influence and ensure alignment. These structures are often used alongside family charters or strategic investment frameworks to reinforce accountability and coherence. The implementation of ICs reflects what Nordqvist et al. (2014) describe as "hybrid governance", a blend of formal systems and trust-based family norms that together manage complexity and reduce agency risk. By institutionalizing oversight in a collaborative forum, investment committees help translate family values into financial policy while allowing professionals to operate within clearly defined boundaries. This supports the broader theme that clear governance structures and formalized decision-making bodies can effectively address role conflicts and improve accountability in family offices.

7.3.4 Simplified Governance in Multi-Family Offices

In contrast, multi-family offices (MFOs) rely on simplified governance frameworks. Because MFOs serve multiple client families and are structured as professional service firms, their governance revolves around a central management board composed of external experts and executives (I5, I9). Instead of formal family councils or investment committees per client, governance relies on a dedicated contact person or relationship manager who interfaces with the family and communicates relevant information internally (I13).

Some MFOs adopt an even more minimalistic structure, where the family office acts purely in an advisory capacity, and all decision-making authority remains with the family. In such cases, no formal governance bodies are in place, and the office communicates solely with a single designated family representative, streamlining coordination and limiting accountability mechanisms (I13). This model reduces complexity and increases efficiency, but it introduces risks when decision-making authority is opaque or overly concentrated in external hands (I13).

Interviewees pointed out agency risks increase without precise alignment mechanisms, such as customized mandates or regular review moments, especially when multiple sub-agents like external asset managers are involved (I13). The contrast between SFO and MFO governance confirms the heterogeneity of structures in Belgian family offices. While SFOs rely more on layered, family-centred governance, MFOs centralize decision-making in professional hands. Both models aim to balance trust and control, but do so with different tools. Where SFOs use family charters and internal committees (I6, I8, I12), MFOs emphasize client servicing and internal coordination (I4, I5, I9). These adaptations reflect different degrees of complexity, scale, and professionalization and correspond with different approaches to managing agency risk through governance and organizational design.

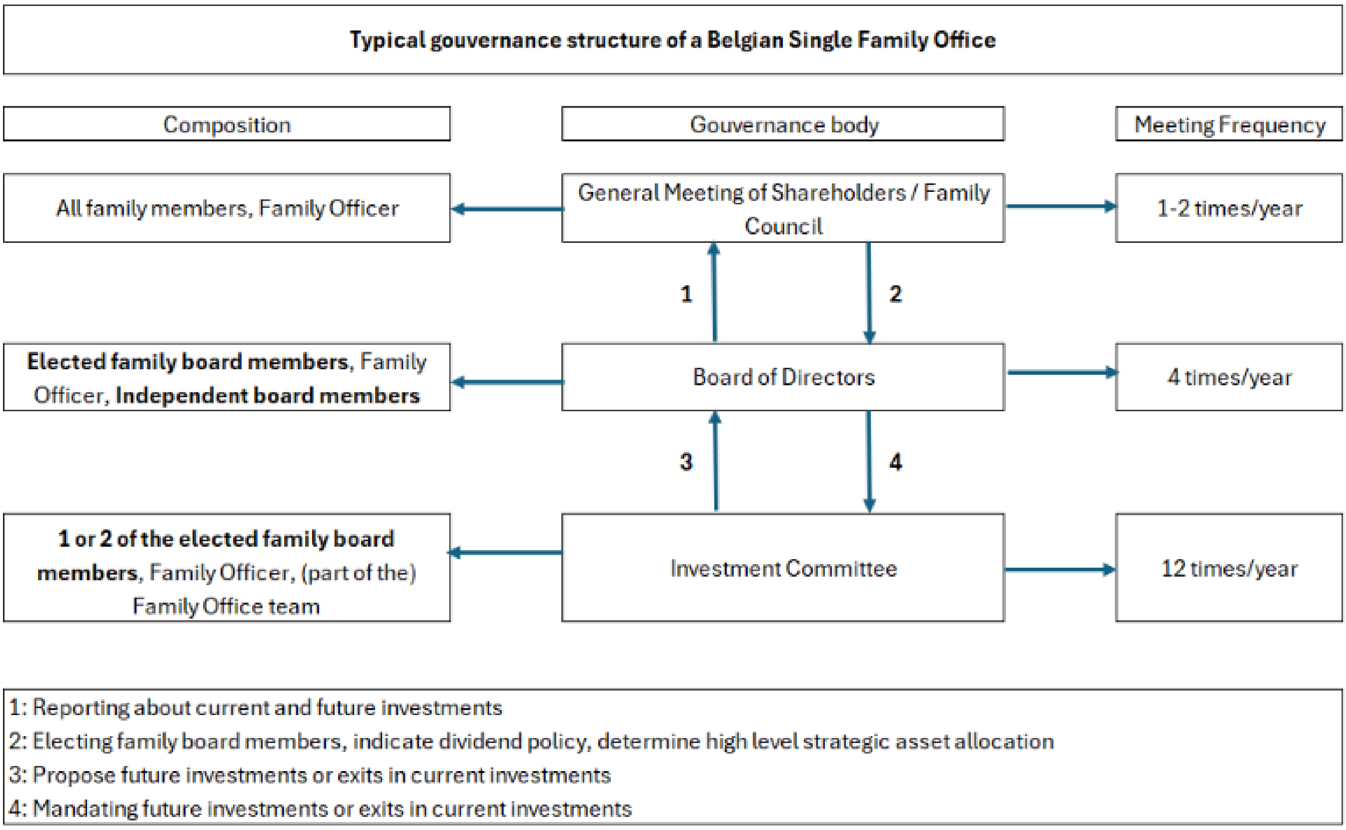

Figure 10

Own work. (2025). *Typical governance structure of a Belgian Single Family Office.*

7.4 Compensation and Incentive Structures

7.4.1 Base Salary and Bonuses

Family officers are typically compensated through a fixed base salary, often supplemented by a variable bonus. These bonuses may be linked to annual objectives, such as executing transactions, implementing internal projects, or long-term performance over multi-year periods.

Some MFOs' compensation structures are highly flexible and determined in consultation with the client family. In such cases, remuneration may be fixed, performance-based, or a hybrid, depending on family preference (I13). Performance is often evaluated through quarterly reviews, focusing on net returns, cost-efficiency, sector allocation, and macroeconomic context (I13). These findings illustrate how pragmatic performance metrics and client-tailored structures play a key role in MFOs, further highlighting the diversity and context-dependency of incentive practices. Actual practices vary considerably in design and effectiveness.

However, short-term bonuses were frequently criticized in interviews (I5, I7) for encouraging opportunistic, deal-driven behaviour that conflicts with the family's long-term vision. Several family officers noted that upside-only structures, without downside penalties, create distorted incentives (I5, I7, I10, I11). This observation aligns with Eisenhardt's (1989) warning that incentives must be carefully designed to avoid moral hazard.

In contrast, long-term bonuses, while more aligned with multi-generational goals, were used less often due to difficulties in applying uniform performance metrics across diverse portfolios (I6, I9). When implemented, they included multi-year return targets or retention schemes, but were often seen as symbolic rather than practical.

Across the sample, compensation models varied widely. Some family offices used five-year retention bonuses or co-investment rights (I9, I12), while others opted for simple base salaries or hourly billing (I5). Co-investment, where officers invest alongside the family, was consistently cited as the most effective tool for aligning interests (I9, I10, I11, I12). It fosters shared risk, promotes prudence, and reinforces long-term commitment. Sometimes, it was even mandatory for senior staff (I9).

These variations reflect differing attempts to manage incentive alignment and reduce agency tensions. Short-term incentives were often considered poorly suited to family offices' conservative and legacy-driven culture. In contrast, mechanisms that introduced personal financial exposure, like co-investment, were considered more compatible with stewardship and trust. This aligns with Schulze et al. (2001), who argue that in family contexts, relational governance often leads to an underuse of formal incentive mechanisms, consistent with the informal cultures observed in several Belgian offices (I10, I12).

Multi-family offices were generally more cautious using strong incentive structures, often citing reputational concerns (I4, I5). Having a strong incentive structure might signal a short-term, opportunistic perspective. Single-family offices sometimes lacked formalized schemes, relying instead on personal trust and informal norms (I8, I12). While many offices recognize the importance of aligning incentives, actual practices vary considerably in design and effectiveness. These findings confirm that governance and incentive mechanisms are widely used to manage principal–agent tensions, but their implementation remains uneven and context-dependent.

7.4.2 Co-Investment

Co-investment emerged as one of the most widely supported incentive mechanisms across interviews (I9, I10, I11, I12). In this model, officers or senior investment professionals invest their capital alongside the family in specific deals or funds. This approach ensures a direct alignment of interests and risk symmetry; family officers benefit from gains but also share the downside. Some family offices formalized this by making co-investment mandatory for decision-makers, especially in private equity contexts or internal funds (I9, I12).

Interviewees consistently noted that co-investment fosters a mindset of ownership and prudence. Rather than maximizing short-term gain, co-invested professionals are incentivized to focus on sustainable value creation and long-term returns (I8, I10). While access and liquidity can limit participation, particularly where ticket sizes are high, families typically appreciate any degree of exposure, as it reinforces trust and reduces agency conflicts. Co-investment was generally seen as fairer, more predictable, and better suited to family office culture than bonus schemes. It is frequently mentioned as a key mechanism to align interests and reduce opportunistic behaviour.

7.4.3 Carried Interest and PE-Inspired Models

In family offices with a strong private equity orientation, some teams adopt carried interest models borrowed from institutional fund structures (I2, I3, I9). In these cases, professionals receive a share of the profits once a predefined return hurdle is exceeded. However, such structures were applied cautiously and often modified. Several interviewees argued that traditional carry models can create misaligned incentives without clawbacks or loss-sharing provisions (I7). They noted that upside-only participation may encourage undue risk-taking and fail to reflect the family's conservative or legacy-oriented priorities.

Where carried interest was implemented, it was typically softened through more extended vesting periods, team-wide sharing, or hybrid structures that combined co-investment and profit-sharing (I7, I9). Families sometimes preferred simplified alternatives, such as bonuses for multi-year portfolio growth (I1, I7, I12), rather than classic private equity models. A recurring theme in the interviews was that while institutional incentive tools can inspire compensation design, they must be adapted to the family office's specific values, governance structures, and long-term vision.

7.4.4 Institutional vs. Family Culture

Family officers with experience in investment banking, private equity, or asset management consistently described a shift in mindset upon joining a family office (I7, I10, I12). Institutional environments emphasize KPIs, quarterly benchmarks, and structured bonus frameworks. In contrast, family offices rely more on personal trust, long-term vision, and qualitative judgment.

This cultural distinction influences the day-to-day dynamics of decision-making and the perceived legitimacy and effectiveness of incentive structures (I6, I8, I10). Informal norms, legacy values, and intergenerational relationships within family offices often shape compensation. In some families, discretion and loyalty are rewarded more than financial performance, while alignment with long-term strategy is paramount in others. The lack of standardized benchmarks means that compensation tends to be more flexible, bespoke, and dependent on internal governance preferences (I8, I10). Officers are expected to act as stewards of family capital, and this fiduciary role limits the appetite for aggressive or overly mechanical reward systems.

7.4.5 Comparison with Private Equity, Banking, and Listed Companies

Compensation structures in family offices stand in sharp contrast to those in private equity firms, investment banks, or publicly listed companies. In private equity, professionals are typically rewarded through high variable pay, carried interest, large annual bonuses, and exit-based incentives, which promote short-term value maximization and frequent deal activity (I1, I2, I12). Investment banking follows a similar pattern, with bonus pools tied to transaction volume or revenue targets, reinforcing high-pressure and deal-oriented cultures.

In listed companies, executive pay often includes equity-based instruments such as stock options or restricted shares, intended to align management with shareholder interests over time. However, these mechanisms are vulnerable to external market dynamics, earnings manipulation, or short-term share price volatility.

Family offices adopt a more conservative and value-driven approach than these sectors. Their compensation structures emphasize alignment, trust, and long-term engagement over rapid monetization or benchmark outperformance.

Rather than importing institutional frameworks wholesale, most family offices selectively adapt compensation tools to fit their own needs. Co-investment is often preferred over carried interest (I9), long-term bonuses are favoured over short-term rewards (I9, I10), and base pay remains the backbone of most remuneration packages. Ultimately, the incentive structure reflects the family's values, governance maturity, investment philosophy, and the degree of professionalization within the office. The goal is not to maximize individual upside, but to ensure continuity, prudence, and alignment across generations.

7.5 Communication Practices

7.5.1 Multi-Layered Governance and Reporting

Communication within family offices typically reflects their layered governance structures. These often include an Annual General Meeting, a Board of Directors, an Investment Committee, and occasionally a Family Council (I1, I6, I8, I10, I11). However, some offices adopt a streamlined approach that aligns with a minimal governance setup.

For instance, one MFO reported that all communication is funnelled through a single designated family representative, with no additional reporting lines or advisory committees (I13). This clarity in communication channels helps reduce confusion and ensures consistent alignment, even without formal governance layers. Such practices demonstrate that clear role definition in communication can compensate for otherwise lean structures, helping to mitigate internal tensions.

Some family offices intentionally differentiate what is communicated to each generation or family branch based on involvement, interest, or experience (I10). Reporting frequency and format vary by office, but quarterly reports are standard. Visual and concise tools, such as dashboards, one-pagers, and summary memos, are increasingly used to improve accessibility and reduce fatigue (I2, I5, I9).

In larger families or those with professionalized structures, formal reporting is often complemented by informal updates or face-to-face briefings to ensure alignment and mutual understanding across key stakeholders (I6, I10). Reporting mechanisms, such as dashboards, family council briefings, and layered reporting structures, are vital in reducing information asymmetry.

Beyond their operational function, these tools serve as indirect governance mechanisms that help align expectations, reinforce accountability, and support intergenerational understanding (I6, I8). Offices that invest in consistent and structured communication, tailored to different family roles, are better positioned to anticipate tensions and maintain cohesion.

This communication governance role aligns with Eisenhardt's (1989) view that reducing information asymmetry is central to agency control, in family firms, where emotional dynamics often limit formal contracting, relational mechanisms like open dialogue become critical (Schulze et al., 2001; Garg & Eisenhardt, 2017). Many Belgian offices adopt "soft" tools, such as education tracks, thematic newsletters, and scenario planning sessions, to inform and build trust and strategic alignment (I4, I8).

7.5.2 Digital Platforms: Trusted Family and Beyond

Several offices have adopted digital platforms to streamline internal communication and governance (I2, I6, I9). One commonly used tool is Trusted Family, a secure, cloud-based platform designed for family-owned businesses and family offices. It allows users to manage access to sensitive information, distribute board materials, archive meeting minutes, and organize governance documents in a controlled and structured environment.

Such platforms are particularly valuable in complex, multi-generational families or across geographies (I6, I9). They help avoid reliance on ad hoc communication channels (such as email chains) and reduce the risk of information asymmetry. Trusted Family also supports electronic voting, meeting scheduling, and access control by role or generation.

Some offices use it exclusively for governance materials, while others extend it to educational content or financial dashboards (I5, I8). Human context and face-to-face interpretation remain essential despite the tool's digital nature.

7.5.3 Balancing Transparency and Clarity

One of the most cited challenges is balancing openness with clarity (I2, I10). While many families value being kept informed, excessive or poorly filtered information can lead to confusion or disengagement. To mitigate this, offices often use a layered reporting structure: an executive summary tailored to the broader family, with annexes and technical details available to those in formal governance roles (I3, I9).

Overcommunication, especially with complex financial data, is avoided to protect engagement. Rather than adopting a one-size-fits-all approach, offices adapt communication to the audience. Senior family members or board participants might receive comprehensive reports, while broader family members may only receive annual highlights or thematic updates (I6, I8, I12).

When nuance or context is important, in-person meetings and verbal explanations are often preferred over detailed written reports (I1, I7). Communication policies aim to prioritize relevance, not just completeness.

7.5.4 Next Generation Engagement and Education

Engaging the next generation has become a strategic priority in many offices (I4, I5, I10). Offices use tailored communication, such as simplified reporting, educational sessions, or small-scale investment initiatives, to help younger family members understand the family's values, governance, and capital base.

These efforts often focus on inclusion and long-term learning rather than immediate decision-making authority (I4, I10). Offices noted that next-generation communication is most effective when it is interactive and gradual. Rather than inundating younger members with complex financial information, many start with topic-specific discussions (e.g., sustainability, entrepreneurship, or philanthropy) and grow involvement over time (I5, I10).

Structured initiatives like "Next Gen Funds" or shadowing family officers were mentioned as particularly effective tools to combine communication with education and experience (I5, I9, I10).

7.5.5 Communication Culture: Formal vs Informal

The family's culture profoundly influences the overall communication style of a family office (I1, I6, I8). Some families adopt a formal tone, with consistent reporting schedules, governance documentation, and institutional-style communication protocols (I2, I5, I6). Others rely more on informal mechanisms, personal conversations, or ad hoc briefings, especially in single-family, first-generation setups (I1, I3, I8).

Communication culture often evolves as the family grows in size or complexity. A hybrid model is standard: formal reporting at regular intervals (e.g., quarterly board meetings or annual reviews) combined with more spontaneous, relationship-based exchanges (I10, I12).

Whatever the style, the most effective communication practices are structured enough to provide clarity and accountability, yet flexible enough to accommodate generational differences and personal dynamics (I4, I6, I10). Digital platforms like Trusted Family are valuable to these practices, but human relationships and clear interpretation remain central.

7.6 Risk Management and Asset Allocation

7.6.1 Risk Perception: Family vs Family Office

A consistent finding across interviews was the divergence in risk perception between families and their family officers. Family members, especially from older generations, tend to associate risk with capital loss or reputational damage and therefore favour conservative strategies with limited exposure to volatile or illiquid asset classes (I4, I5).

In contrast, family officers, particularly those with professional finance, private equity, or investment banking backgrounds, often view risk through a more institutional lens. They define it in terms of volatility, liquidity constraints, or failure to meet long-term portfolio targets, and are generally more comfortable taking calculated risks (I9, I12).

This divergence in mindset was particularly evident in decisions related to private equity, venture capital, or early-stage investments. Several officers reported having to "push back" against overly cautious preferences or temper overenthusiastic expectations from younger family members (I6, I9, I10). Some offices addressed this by introducing formalized risk charters, strategic asset allocation frameworks, or simulation tools to make abstract risks more tangible and facilitate consensus (I5, I9).

Contrast in Risk Perception		
Aspect	**Family Officers**	**Families**
Risk perspective	Volatility as opportunity	Capital loss or reputation as core concern
Preferred assets	Private equity, alternatives	Real estate, bonds
Time horizon	Flexible, deal-dependent	Long-term, preservation-focused
Emotional component	Rational, market-driven	Emotional, legacy-oriented

Table 11
Own work. (2025). *Contrasting Risk Perceptions Between Family Officers and Families*

7.6.2 Formalizing Risk Appetite and Guidelines

Many offices have developed explicit tools to formalize and operationalize risk management. These include written risk charters, investment guidelines, or strategic asset allocation documents that define acceptable levels of exposure by asset class, geography, or liquidity profile (I4, I5, I9).

In more advanced offices, risk frameworks include financial thresholds and qualitative filters, such as reputational risk, ESG alignment, or liquidity constraints (I6, I9). Some offices define maximum allocations to illiquid assets, set leverage caps, or tie private equity commitments to household liquidity buffers (I5, I6). Others operate within pre-agreed “bands” that allow tactical flexibility without overstepping the strategic mandate (I5, I7).

This formalization helps depersonalize investment decisions and facilitates consistent, rational rebalancing (I5, I9).

7.6.3 Strategic vs Tactical Asset Allocation

Asset allocation decisions are often divided into two levels: strategic and tactical. Strategic asset allocation (SAA) reflects the family's long-term vision and is typically defined at the board level or in collaboration with external advisors. It sets target weights for each asset class (e.g., public equity, fixed income, private equity, real estate, cash), considering the family’s liquidity needs, generational horizon, and values. Most SAA policies are revisited annually, though some have three to five years of formal review cycles.

Contrastingly, tactical asset allocation (TAA) allows the family office to shift allocations within predefined bands in response to short-term opportunities or risks. This flexibility is generally delegated to the investment team or the family officer, often under the supervision of an investment or risk committee. Offices emphasized the importance of clearly defining the degree of discretion the office has for TAA. When well-executed, this structure balances long-term discipline with short-term responsiveness.

7.6.4 Private Equity, Liquidity, and Planning

Private equity is prominent in many family offices but introduces unique risk and liquidity challenges. Offices frequently mentioned the need for careful pacing of capital calls, scenario analysis, and alignment with overall liquidity planning (I6, I7, I9, I12).

However, not all family offices actively pursue illiquid investments. In some cases, families explicitly avoid private equity due to its complexity and uncertain fiscal treatment, opting for fully liquid portfolios (I13). One MFO noted that advising on liquid assets allows for better transparency, greater control, and simpler reporting structures, particularly when formal investment governance mechanisms are absent (I13). Mismanaging liquidity, especially in multi-generational setups with differing time horizons, can undermine trust and disrupt governance (I9, I10).

Cash flow unpredictability and long lock-up periods often offset high return expectations (e.g., 13–14%). To mitigate these issues, offices maintain liquidity buffers, limit total exposure, or stagger commitments over time (I6, I9).

Some offices are exploring alternatives to classic PE funds, such as semi-liquid evergreen vehicles (I9), which offer periodic redemption windows and more predictable planning. Others rely on co-investments or private debt for more control (I10).

Across the board, interviewees stressed the importance of integrating private equity exposure into broader risk planning. Mismanaging liquidity, especially in multi-generational setups with differing time horizons, can undermine trust and disrupt governance (I7, I9).

7.6.5 Generational Perspectives on Risk

Risk tolerance is often generational. Older family members, shaped by past crises or a conservative outlook, tend to be more risk-averse. They may prefer real estate, bonds, or cash-heavy portfolios and prioritize capital preservation (I5).

This generational conservatism was also observed in an MFO where portfolios were intentionally built with a defensive allocation due to older family members' cautious stance, even though the family officer believed this may limit long-term returns (I13). In contrast, younger generations may be more open to innovation, long-term investments, and higher-volatility assets like venture capital or thematic funds (I8, I10). One office introduced a "NXT GEN-fund" to allow younger family members to manage a portion of the assets more actively, within a defined and controlled structure (I5, I10, I13).

Such initiatives help balance intergenerational preferences and support a gradual transition of investment responsibility. Managing this transition requires communication and flexibility; offices must balance stability with inclusion. Younger generations, on the other hand, may be more open to innovation, long-term investments, and higher-volatility assets like venture capital or thematic funds (I8, I10). However, this openness can decline after personal market setbacks or periods of volatility (I10, I13).

Several offices described designing parallel tracks for younger members, such as sandbox portfolios, education funds, or pilot programs in impact investing (I8, I10). These initiatives allow for experimentation within a defined risk perimeter. Meanwhile, the strategic allocation remains in the family risk profile, which evolves as new generations take on decision-making roles (I5, I9).

Managing this transition requires communication and flexibility; offices must balance stability with inclusion.

7.6.6 Qualitative Risk and Non-Financial Factors

While financial risk is central to asset allocation, many offices emphasized qualitative risks: reputational damage, misalignment with family values, or governance breakdowns (I3).

Some families explicitly exclude sectors such as tobacco, gambling, or fossil fuels for ethical or reputational reasons (I6). Others assess investments based on social impact or alignment with family legacy (I8, I12).

Though opinions vary, environmental, social, and governance (ESG) concerns are increasingly discussed. Some offices adopt formal ESG frameworks or conduct double materiality assessments (I6, I9), while others remain skeptical, viewing ESG as compliance-driven or lacking credibility (I3, I7).

Regardless, non-financial risk is part of broader portfolio discussions, particularly regarding next-generation values and external visibility (I4, I8, I12). Family offices must increasingly reconcile financial performance with ethical coherence.

8 Conclusions

Table 12 provides a structured summary of the three hypotheses examined in this thesis, including the level of empirical support, key interview findings, and relevant theoretical connections. This overview consolidates the conclusions drawn in Chapter 7 and links them to the agency theory framework presented earlier.

This study confirms the presence of structural agency tensions within Belgian family offices, particularly between family officers and principals. Diverging objectives regarding investment strategy, operational control, and communication frequently lead to misalignment, especially during generational transitions, where long-term family values often clash with professionalized practices and decision-making styles. These tensions reflect the classic principal–agent model proposed by Jensen and Meckling (1976), aligning with Zahra's (2005) view that family firms are uniquely exposed to emotional and informal dynamics that complicate agency relationships. Intergenerational shifts intensify these challenges, as emerging heirs may introduce new expectations that unsettle established officer-principal relationships.

Family offices in Belgium apply a range of governance and incentive tools to address these tensions, though such mechanisms are often tailored to family-specific values and implemented informally. Co-investment structures are widely perceived as the most effective alignment tool, as they introduce shared risk and reinforce long-term commitment between family members and officers. This is consistent with Cennamo et al. (2012), who highlight the role of trust-based, relational alignment in family-controlled entities. While some offices use investment committees, strategic plans, or bonus schemes, the degree of institutionalization varies. Many continue to rely on informal governance models to retain flexibility and preserve family cohesion, echoing Schulze et al.'s (2001) argument that formal contracting is often resisted in family firm settings.

A consistent finding across interviews is the divergence in risk perception between family officers and principals. Officers generally demonstrate a greater tolerance for diversification, illiquidity, and market volatility, particularly in private equity, venture capital, or sustainable investments. In contrast, families often prioritize wealth preservation and long-term stability. This misalignment supports Gomez-Mejia et al.'s (2011) theory of socioemotional wealth, which suggests that non-financial goals shape investment behavior in family enterprises. While tools such as risk charters and targeted communication help reduce these discrepancies, they do not fully bridge the underlying difference in investment mindset.

Across all three themes, communication emerged as a critical factor in mitigating agency tensions. Structured, yet adaptive, communication mechanisms reduce information asymmetry, clarify expectations, and foster trust between parties. As noted by Garg and Eisenhardt (2017), relational communication is especially valuable where formal contracts are impractical or incomplete. In the context of family offices, communication is not merely an informational tool but a strategic governance mechanism that embeds trust and actively reduces agency costs. This study suggests that communication should be conceptualized as a formal governance lever, on par with financial incentives and organizational structures.

This thesis contributes to the academic literature on family governance by extending agency theory to the underexplored context of Belgian family offices. While agency problems in family firms have been extensively documented (e.g., Schulze et al., 2001; Zahra, 2005), little was known about how these tensions manifest in wealth management structures where ownership and control are partially decoupled. Based on thirteen in-depth interviews, this study offers empirical insight into principal–agent dynamics specific to family offices, including the emergence of double agency (Zellweger & Kammerlander, 2015) and tensions related to family blockholder control.

The study makes three contributions. First, it confirms the presence of multidimensional agency conflicts between officers and principals across generations and among internal mandates. Second, it shows that governance and incentive mechanisms are often informal, relational, and trust-based rather than fully institutionalized. Finally, it positions communication as a core element of strategic governance. By bridging formal structures with relational dynamics, this research enhances our understanding of how family offices balance control, trust, and continuity in managing complex agency relationships.

These insights offer practical relevance for families seeking to professionalize without losing cohesion, and lay the groundwork for future research on hybrid governance in family wealth contexts.

Research Theme	Key Findings	Literature Link
Agency tensions between family officers and principals	Conflicts around investment strategy, control, and communication. Most visible during generational shifts.	Jensen & Meckling (1976), Zahra (2005)
Governance and incentive mechanisms to manage agency tensions	Tools like co-investment and strategic plans are used, but often informally. Trust-based alignment is common.	Cennamo et al. (2012), Schulze et al. (2001)
Diverging perceptions of investment risk between both parties	Officers favour diversification and long-term performance; families prefer preservation and stability.	Gomez-Mejia et al. (2011), De Massis et al. (2015)

Table 12
Own work. (2025). *Summary of Interview Findings Structured by Research Theme*

9 Set of best practices

9.1 Establish a Clear Purpose and Governance Framework

- Draft a family charter outlining vision, values, and long-term goals.
- Define clear roles for the board, investment committee, and family assembly.
- Establish eligibility criteria for next-gen board participation (e.g., age, experience).
- Balance formal governance with relational trust by adopting a hybrid model that reflects professionalism and family values.

9.2 Align Incentives Without Distorting Risk

- Prefer co-investment over performance bonuses.
- If bonuses are used, tie them to long-term performance with clawback clauses.
- Avoid incentive structures that promote short-term gains at the cost of prudence.

- Use incentives to build shared commitment, not just to drive output, co-investment supports symmetrical risk-taking and trust.

9.3 Communicate Effectively and Selectively

- Use layered reporting: 3-page executive summaries with optional deep dives.
- Assign a trusted point of contact to handle communication and filter overload.
- Schedule regular meetings: board (quarterly), family council (biannually), AV (annually).
- Institutionalize communication as a governance tool, structured, adaptive communication reduces agency conflicts and supports alignment.

9.4 Manage Risk Proactively

- Define and document risk profiles at family and generational levels.
- Use strategic/tactical allocation to balance stability and adaptability.
- Reassess risk tolerance annually or after major financial shocks.
- Facilitate structured dialogue around risk to reconcile differences between family conservatism and professional risk-taking.

9.5 Prepare the Next Generation

- Implement junior boards, education programs, and micro-funds.
- Include younger members in real investment decisions with limited exposure.
- Assign mentors to bridge knowledge gaps and foster leadership.
- Start early with low-stakes involvement: interactive education builds financial literacy, trust, and future readiness.

9.6 Plan for Liquidity and Exit

- Create clear guidelines for exiting investments.
- Use external benchmarks and third-party advisors to avoid emotional bias.
- Explore semi-liquid investment vehicles to enhance flexibility.
- Anticipate family dynamics in exit decisions, clear protocols help prevent value destruction due to misaligned timelines or expectations.

9.7 Approach ESG Thoughtfully

- Choose a pragmatic ESG strategy based on values and impact.
- Prioritize data credibility over compliance optics.

- Balance environmental goals with financial discipline.
- Involve different generations in ESG discussions to align philanthropic intent with long-term strategy and stakeholder engagement.

10 Recommendations for further research

Future research into family office compensation, communication, and risk management offers rich opportunities for master's and PhD students across disciplines such as finance, governance, behavioural economics, and organizational sociology. Despite the increasing relevance of family offices globally, empirical studies remain limited due to their private nature. Academic projects could focus on creating structured typologies of governance and incentive models across different family office types (e.g., first generation vs. multi-generational, single vs. multi-family). A comparative study across jurisdictions (e.g., Belgium vs. Switzerland or the U.S.) would yield valuable insights into legal and cultural influences on governance and investment behaviour.

One promising area is the effectiveness of co-investment versus traditional bonus structures in aligning long-term interests. Quantitative studies could explore correlations between compensation design and portfolio performance or risk appetite. Qualitative research could investigate how family values are embedded in compensation systems and how they evolve as offices professionalize. There is also scope for experimental research, such as behavioural simulations or choice experiments, to test how family officers react to different incentive mechanisms under uncertainty.

Communication strategies within family offices remain another underexplored domain. Thesis work could focus on the adoption and perceived effectiveness of digital platforms like Trusted Family, or how communication styles vary by generation, asset complexity, or family size. Researchers might also analyse how information asymmetry is managed, especially between decision-makers and non-active family members. Exploring the link between communication structure and family cohesion or trust would offer a valuable interdisciplinary angle.

Risk management frameworks provide yet another fertile ground. Students could assess how family offices define and operationalize risk tolerance, how strategic asset allocation reflects family goals, or how private equity exposure is planned relative to liquidity needs. With growing attention to sustainability, projects could also examine how ESG criteria are interpreted and applied in private family portfolios, and whether this aligns with stated family values.

Finally, longitudinal or interview-based research can help trace how family offices evolve through succession, crisis, or shifting financial markets. By combining structured data with case-based insights, students can contribute to theory-building in a field where practice often precedes academic understanding. Collaborations with family offices, where discretion and trust can be secured, would be essential to access and relevance.

11 Scope and limitations

This study investigates the nature of agency conflicts within Belgian family offices and explores mechanisms by which such conflicts can be mitigated. The research focuses specifically on the organizational and relational dynamics between family officers (agents) and family principals (owners), with additional attention to intra-family tensions (principal–principal conflicts) and delegation to third-party asset managers (double agency). The study is grounded in agency theory and contributes to the limited academic literature on governance within family offices, especially in the Belgian context.

Several boundaries define the scope of the research. First, the empirical analysis is based on thirteen in-depth, semi-structured interviews with senior professionals working in Belgian single-family offices (SFOs) and multi-family offices (MFOs). The selection captures a diverse sample of office structure, size, and investment focus, enabling comparisons across different governance models. The thematic focus includes organizational structure, governance practices, incentive systems, communication styles, and risk management approaches.

However, the study is subject to several limitations. First, data were collected exclusively from family officers, not from family principals or beneficiaries themselves. This introduces a potential bias, as the analysis reflects the perspectives of professional managers operating within family offices, rather than those of the families they serve. The original intention to include both perspectives was adjusted due to confidentiality constraints and the limited willingness of family principals to participate in interviews. While family officers provided deep and practical insights, the absence of counterbalancing views from family members constrains the ability to thoroughly capture principal–agent dynamics from both sides.

Second, the study relies on qualitative data from a relatively small sample, limiting the findings' generalizability. While efforts were made to ensure diversity within the sample, the research does not aim for statistical representativeness. Instead, it offers exploratory insights into governance practices and conflict patterns in a specific institutional and cultural setting. The Belgian context, shaped by civil law traditions, inheritance frameworks, and privacy norms, may differ from other jurisdictions, and caution should be exercised in extrapolating the results internationally.

Third, the sampling strategy imposes additional limitations. This study employed a convenience sampling approach, complemented by snowball sampling, to recruit participants based on availability and peer referrals. These non-probabilistic methods were necessary given the highly private and hard-to-reach nature of Belgian family offices, where access is often restricted and trust-based. While this approach enables in-depth engagement with experienced professionals, it introduces the risk of selection bias and reduced representativeness, as participants may share similar backgrounds or perspectives ('friends of friends'). As a result, findings should be interpreted as exploratory rather than generalizable. Nonetheless, such a strategy is defensible in this context, where gaining expert insight outweighs statistical coverage and traditional random sampling techniques are impractical due to confidentiality norms and limited accessibility.

Fourth, the decision not to include direct quotations from interviewees, at the request of several participants, limits the ability to illustrate key findings with verbatim evidence. While the analysis presents aggregated and anonymized summaries of recurring themes, the richness and authenticity that direct citations can provide are necessarily absent.

Fifth, although this thesis draws from established theoretical frameworks in agency theory and family business governance, family offices' dynamic and evolving nature means that some practices and conflicts may change over time. The study captures a snapshot based on the experiences of current practitioners, and longitudinal developments, particularly during generational transitions or major liquidity events, are beyond the scope of this research.

Despite these limitations, the study contributes meaningfully by highlighting recurring agency tensions within Belgian family offices and identifying practical strategies for mitigating them. Future research involving family principals, quantitative validation, or comparative cross-country analyses could extend the findings.

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13 Appendix

<u>Interview guide:</u>

Below, you can find the interview guide that I used for the interviews. This guide was sometimes not followed strictly because some questions were applicable. Based on the family officers' responses, additional clarification questions were asked on these topics. The questions are subcategorized into different segments, which enhances the comparability of the results of the different interviews.

Background and Industry Experience

1. What types of families do you currently work with in your role as a Family Officer?
2. Can you describe your career path and how you became involved in the family office industry?
3. In your experience, what are the biggest challenges or tensions that arise in working with family offices?

Investment Decision-Making and Management

4. How are investment decisions typically made within the family office?
5. How is decision-making handled regarding exit strategies for investments? Have there been differences in opinion at this stage? Can you share examples of challenges encountered during the investment management phase?

Incentives and Alignment of Interests

7. Does the family office use compensation structures such as stock options or long-term bonuses to align the interests of staff and the family?

8. What other incentives or performance indicators (KPIs) are in place to ensure that staff act in the family's best interests?
9. How is the success of these incentive structures measured?

Risk Management and Tolerance

10. How does the risk appetite of the family office compare to that of the family?
11. Have there been instances where differences in risk tolerance led to tensions or differing perspectives?
12. How is consensus reached when there are divergent risk preferences?

Tensions Between the Family and the Family Office

13. What are the most common sources of tension or misalignment between the family and the family office?
14. Can you share examples of situations where the priorities of the family and the family office differed?
15. How are potential differences in priorities within the family office discussed and resolved?

Governance and Best Practices

16. What governance mechanisms are in place to manage misalignments and ensure alignment between the family and the family office?
17. How do communication practices contribute to mitigating potential tensions?

<u>**Email and LinkedIn Message Templates**</u>

The following templates were used to contact potential interviewees for this thesis research. The goal was to invite Belgian family officers and/or family members to participate in a 30–40 minute interview about the collaboration and decision-making dynamics within family offices. The messages emphasized the study's confidential nature and the interviews' academic purpose.

Email template (English):

Dear (name family officer),

My name is Sam Bossuyt, and I am currently pursuing a Master’s degree in Business Economics: Corporate Finance at Ghent University.

For my master’s thesis, under the supervision of Professor Sophie Manigart, I am researching the relationship between family officers and the families they serve within Belgian family offices, focusing on managing family wealth.

The goal is to better understand how potential investments are identified, how the consultation and decision-making processes between family officers and families take place, and what challenges arise along the way.

The interview would take approximately 30 to 40 minutes, and I conduct it with a family officer or a family member of the advised family.

This can be done online or in person, depending on what is most convenient for you.

Your insights would be of great value to this research, contributing to a deeper understanding of this dynamic in both academic and professional contexts.

All information will be treated confidentially, and only aggregated insights will be shared in the final thesis without referencing specific individuals or family offices.

I would also be happy to share the key findings with you afterward.

If this is something you'd be open to, I'd love to hear from you.

Thank you in advance for your time and consideration.

Kind regards,

Sam Bossuyt

Email template (Dutch):

Beste (naam family officer),

Mijn naam is Sam Bossuyt en ik volg de master TEW: Corporate Finance aan de UGent.
Voor mijn masterproef aan de UGent, onder begeleiding van professor Sophie Manigart, onderzoek ik de relatie tussen family officers en de families die zij servicen binnen Belgische family offices waarbij de focus ligt op het beheer van een familiaal vermogen.

Mijn doel is om beter te begrijpen hoe potentiële investeringen worden geïdentificeerd, hoe het overleg- en beslissingsproces tussen family officers en families verloopt, en welke uitdagingen zich daarbij voordoen.

Het interview duurt 30 à 40 minuten en ik voer het bij voorkeur met zowel een family officer als een familielid van de geadviseerde familie.

Het gesprek kan zowel online als fysiek plaatsvinden, afhankelijk van wat voor u het meest praktisch is.

Uw deelname aan dit onderzoek draagt bij aan een beter inzicht in deze dynamiek, zowel voor de academische als de bedrijfswereld.

Alle informatie wordt uiteraard vertrouwelijk behandeld, en na afloop deel ik graag de belangrijkste inzichten.

In de thesis worden enkel algemene bevindingen en conclusies opgenomen die bij meerdere family offices zichtbaar zijn, zonder specifieke verwijzing naar een individueel interview of family office.

Als jullie hiervoor openstaan, laat dan zeker iets weten.

Alvast bedankt voor uw tijd en reactie.

Met vriendelijke groeten,
Sam Bossuyt

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LinkedIn message template (English):

Dear (name family officer),

My name is Sam Bossuyt, and I am a Master's student at Ghent University. Under the supervision of Professor Sophie Manigart, I am conducting research into the collaboration between family officers and families within Belgian family offices, with a focus on the management of family wealth.

I aim to better understand how investments are identified, how the consultation and decision-making processes unfold, and what challenges arise in practice.

I would like to schedule a 30–40 minute interview, preferably with a family officer and a family member, either online or in person. All information will be treated with strict confidentiality.

I'd be happy to hear if you are open to this.

Kind regards,
Sam Bossuyt

LinkedIn message template (Dutch):

Beste (naam family officer),

Mijn naam is Sam Bossuyt en ik ben masterstudent aan de UGent, waar ik onder begeleiding van prof. Sophie Manigart onderzoek doe naar de samenwerking tussen family officers en families binnen Belgische family offices, met focus op het beheer van familiaal vermogen.

Ik wil beter begrijpen hoe investeringen worden geïdentificeerd, hoe het overleg- en beslissingsproces verloopt en welke uitdagingen hierbij spelen.

Graag plan ik een interview van 30 à 40 minuten, bij voorkeur met een family officer en een familielid, online of fysiek. Alle informatie wordt strikt vertrouwelijk behandeld.

Ik hoor graag of u hiervoor openstaat.

Met vriendelijke groeten,
Sam Bossuyt