Journal of Family Business Management

Number 4

377  TMT diversity and innovation ambidexterity in family firms: the mediating role of open innovation breadth
Irina Röd

393  Socioemotional wealth and family commitment: moderating role of controlling generation in family firms
Mohammad Rezaur Razzak, Raida Abu Bakar and Norizah Mustamil

416  Gender and business owner satisfaction: the case of farm and non-farm family businesses in the Midwest
Wenxuan Li and Maria I. Marshall

429  Paradoxical influence of family ownership on innovation-focused organizational change: evidence from a large family business retail firm
Izabela Szymanska, Anita Blanchard and Kaleigh Kuhns

451  An image theory of strategic decision-making in family businesses
Christopher Penney, James Vardaman, Laura Matier and Victoria Antin-Yates

468  Socioemotional wealth and performance in private family firms: the mediation effect of family commitment
Mohammad Rezaur Razzak and Suaad Jassem

www.emeraldinsight.com/loi/jfbm
TMT diversity and innovation ambidexterity in family firms

The mediating role of open innovation breadth

Irina Röd
Vienna University of Economics and Business, Vienna, Austria

Abstract
Purpose – Family firms that simultaneously engage in multiple levels of innovation – incremental and radical – are likely to enjoy performance advantages across generations. The purpose of this paper is to research under which management conditions (i.e. top management team (TMT) diversity in terms of generational or non-family involvement) family firms are more likely to achieve innovation ambidexterity. Also, the paper addresses the mediating role of open innovation (OI) breadth in this relationship.

Design/methodology/approach – A large cross-sectional sample of 335 small- and medium-sized family firms is used. The hypotheses were tested in a mediation model. The relationship between TMT diversity and ambidexterity is measured using a binominal regression analysis, the one between TMT diversity and OI breadth using a Tobit model.

Findings – Drawing on the family firm upper echelon perspective, the results indicate that TMT diversity induced through external managers and multiple generations is positively related to innovation ambidexterity. As the mediation analysis reveals, the relationship can be explained by the higher propensity of diverse TMTs to get involved in OI breadth. The findings add to the discussion on family firm heterogeneity and its influence on different kinds of innovation.

Originality/value – So far, few studies have been concerned with ambidextrous family firms. Contrary to their reputation, this study identifies family firms as radical as well as open innovators. As such, this research takes account not only of the heterogeneity of family firms, but also of the heterogeneity of family firm innovation.

Keywords Family business, Ambidexterity, Innovation, Family firms, Top management team, TMT diversity

Paper type Research paper

Introduction
Innovation in family firms appears to be a paradoxical topic. While family firms have the reputation of being less innovative than non-family firms, one has only to think of companies like Marriott or Hallmark (Litz and Kleyesen, 2001) to acknowledge that some of the most innovative firms are long-lived family firms. Research indicates that those family firms that simultaneously engage in multiple levels of innovation – incremental and radical – are more likely to enjoy sustainable performance advantages (Sharma and Salvato, 2011), and to safeguard their long-term viability (Bergfeld and Weber, 2011). Although the literature on family firm innovation is comprehensive, most studies are concerned with the difference between family and non-family firms (for recent reviews see Calabro et al., 2018; De Massis et al., 2013; Duran et al., 2016; Röd, 2016). As the research field advances, interest in heterogeneity among family firms has become more common (Chua et al., 2012). Studies that have attempted to understand drivers of family firm innovation have pointed out the leadership team as a key determinant (Duran et al., 2016). More precisely, diversity in top management teams (TMTs) can be an advantage for a range of outcomes, like strategic
agility (Herman and Smith, 2015). In family firms, the family provides unique sources of TMT diversity (Ling and Kellermanns, 2010), i.e. the involvement of more than one generation or of non-family members. Findings on the effects of TMT diversity on family firm innovation, specifically the firm’s ability to simultaneously pursue both incremental and radical innovation, are rare. The balance of exploitation of discovered or created opportunities resulting in incremental innovation, and of exploration of the new opportunities, leading to radical innovation, is defined as ambidexterity (March, 1991). Conceptual studies argue that a high concentration of family involvement in management might lead to lower levels of ambidexterity, as later generations might stay away from risky explorative activities (Hiebl, 2015). Family firms that are willing to compensate for disadvantages, like missing internal expertise, by providing TMT diversity in the form of external managers, will increase their ambidextrous ability (Veider and Matzler, 2016). So far, empirical evidence to support these propositions is lacking. Besides, the existing body of research concentrates on the direct relationship between TMT constellations and ambidexterity, without analyzing the context that might lead to higher levels of ambidexterity. The literature on ambidexterity has identified innovation alliances as noteworthy vehicles for exploration and exploitation (Lavie and Rosenkopf, 2006). Specifically, the search scope – how widely a firm explores external knowledge and resources for their innovation activities – defined as open innovation (OI) breadth (Laursen and Salter, 2006) – has a positive impact on innovation (Katila and Ahuja, 2002). The role of innovation alliances in explaining family firm innovation has hardly been considered so far, as existing research tends to focus on innovation input or output, neglecting the importance of innovation activities in understanding family firms’ innovation processes (Brinkerink, 2018; Feranita et al., 2017).

The present quantitative research aims to add to the current discussion by investigating under which management conditions family firms are more likely to achieve innovation ambidexterity, taking the process of how they achieve ambidexterity into account. To ensure a high number of ambidextrous family firms in the sample, the study draws on one of the most comprehensive and large-scale surveys investigating the innovation behavior of firms: The Community Innovation Survey (CIS). The final sample consists of 335 family firms of a national sub-sample. Three major contributions to literature are expected. First, the study takes account of the heterogeneity of family firms by considering how various family-induced management conditions may influence the firm’s innovation outcomes. Theoretically supported by the upper echelon perspective, which underlines the importance of the management team for a firm’s strategic behavior and choices (Hambrick and Mason, 1984), the particularities of TMTs in the family firm context are discussed. Second, the study will contribute to innovation and ambidexterity research by highlighting family-firm-specific antecedents of the ability to achieve radical as well as incremental innovation, therefore taking a further step toward defining a “family-business-specific ambidexterity” (Frank et al., 2010). Finally, the study takes a closer look at activities that facilitate ambidexterity, specifically the role of OI breadth in the process. The study adds to the OI literature (Chesbrough, 2003; von Hippel, 1988), by linking interfirm relationships with ambidexterity in the unique context of family firms. In conclusion, this research takes account not only of the heterogeneity of family firms, but also of the heterogeneity of innovation (Calabrò et al., 2018).

Literature review and hypotheses development

Upper echelon theory, ambidexterity and OI breadth

The present study draws on a concept rooted in the behavioral theory of the firm, the upper echelon perspective, which purports that behavioral factors, like values and cognitive backgrounds of the firm’s dominant coalitions, influence complex strategic decisions.
(Hambrick and Mason, 1984). The firm’s key leaders and their ability to handle decision alternatives and to deal with conflicts and ambiguity are important for the concept of ambidexterity (Smith and Tushman, 2005). Exploration and exploitation reflect two different learning orientations (March, 1991). While “exploitation refers to learning gained via local search, experiential refinement, and selection and reuse of existing routines, exploration refers to learning gained through processes of concerted variation, planned experimentation, and play” (Baum et al., 2000, p. 768). A complementary set of competences and senior team actions that permit both exploration and exploitation at the same time is required (O’Reilly and Tushman, 2008). Notably, heterogeneity has the potential to provide TMTs with different types of knowledge and decision-making styles and a greater variety of professional perspectives (Koryak et al., 2018). Underlying these orientations of exploitation and exploration are distinct approaches to innovation. While the former will build on existing knowledge and is associated with incremental innovation, the latter will involve the creation of new competences and explorative outcomes, such as radical innovation (Smith and Tushman, 2005). At the same time, the different learning modes of exploration and exploitation require different attitudes toward searching for innovation. Explorative learning especially is related to external search, as new input will increase the likelihood of creating truly new combination (Brinkerink, 2018). The decision to include external partners in the innovation process depends on the behavioral characteristics of the organization’s main decision makers (Classen et al., 2012). The scope of search activities especially depends on internal variables such as aspiration and strategic intent (Nelson and Winter, 1982). TMT diversity yields better cognitive capacity to search for solutions far afield, as many personal ties of TMT members provide potential for a variety of alliances (Beckman et al., 2014).

**Family TMTs and innovation**

Ensley and Pearson (2005) extend the upper echelon perspective to the context of family firms, as the theory is especially helpful in understanding that “the family business creates a unique management situation that results in both advantages and disadvantages to the firm” (p. 267). In the context of family firms’ innovation, the family plays a critical role in the balance between exploration and exploitation (Frank et al., 2010). Family business research suggests that family firms suffer from agency problems, associated with lower self-control and nepotism, which may result in less entrepreneurial activities and less willingness to take risks when it comes to radical innovation or joining strategic alliances (Zahra, 2005). On the one hand, shared values, visions and an overarching governance process are important requisites for strategic integration of the firm’s exploitation and exploration activities (O’Reilly and Tushman, 2008). Team management can act as a potential driver for ambidexterity, given the team’s wholeness and unity of effort (Lubatkin et al., 2006). On the other hand, it is suggested that high cohesion makes groups vulnerable to group thinking (Ensley and Pearson, 2005). A high family ratio in TMTs increases the focus on family goals and values, leading to a pursuit of family utility at the cost of the firm (Sciascia et al., 2013), resulting in an avoidance of risky explorative ventures (Gomez-Mejia et al., 2007). Therefore, the family variable might become a liability with respect to ambidexterity. Another aspect of agency problems concerns the family owners’ fear of losing control. Consequently, they are less likely to collaborate with others to achieve innovation (Cassia et al., 2012; Nieto et al., 2015) or to acquire technology from external sources (Kotlar et al., 2013). Well-established traditions might hinder the exchange of information with the external environment, which is why later generation family firms are less likely to be involved in search breadth activities (Alberti et al., 2014). If they form innovation alliances, these tend to take the form of vertical partnerships with universities, public research centers or suppliers, which are less likely to harm their monitoring power (De Massis et al., 2015; Nieto et al., 2015). Furthermore, homogeneous TMTs are associated
with conservative strategies and limited cognitive diversity, which are barriers to a successful OI strategy (Bigliardi and Galati, 2018; Classen et al., 2012). In the next sections, we argue that TMT diversity in family firms is a potential source of innovation diversity. In family firms, the family provides unique sources of TMT diversity (Ling and Kellermanns, 2010), i.e. the involvement of more than one generation in the TMT and the involvement of non-family TMT members.

TMT generational involvement and innovation
Increased generational involvement has been depicted as “the family’s human capital spread across generations” (Chirico et al., 2011, p. 308), which offers the potential for a wider range of strategic options to be considered (Ling and Kellermanns, 2010; Sciascia et al., 2013). The pursuit of innovation goals by multigenerational family firms implies both challenges and opportunities, as the generations might differ in experiences and behavior. Their emotional attachment to the firm will make the senior generation more conservative and less risk-taking over time (Salvato et al., 2010). However, their experience and tacit knowledge is an advantage for exploitative innovation (Patel and Fiet, 2011). The younger generation often possesses higher formal education, which helps them to integrate family-specific knowledge and more explicit generic knowledge (Woodfield and Husted, 2017). When entering the family firm, they are more likely to encourage explorative activities and to push for new ways of doing things (Kellermanns and Eddleston, 2006; Kraiczy et al., 2014). They are often the driving force behind business growth, to ensure the firm’s survival (Kellermanns and Eddleston, 2006). Contrary to this, some studies consider the incumbent generation as entrepreneurs with the necessary background and knowledge to create businesses (Aldrich and Cliff, 2003), and to follow explorative initiatives. In contrast, the successor generations tend to be risk-averse and less pro-active, as their main interest is the preservation of the firm’s wealth and their own socio-emotional benefits stemming from the merits of the firm’s success (Kellermanns et al., 2012). Consequently, they avoid innovative activities which are not within the company’s current domain (Cucculelli et al., 2016). Either way, multigenerational involvement has the potential to produce knowledge diversity due to the different expertise and perspectives of each generation (Kellermanns et al., 2012; Litz and Kleyson, 2001; Sciascia et al., 2013; Zahra, 2005). Furthermore, TMT diversity is associated with higher absorptive capacity with positive effects on family firms’ ability to engage and manage collaborations (Bigliardi and Galati, 2018). Decision makers born into business families can rely on age-old ties and business networks (Miller and Le-Breton-Miller, 2005). Zahra (2005) reports a positive, yet not significant association between multigenerational involvement and joining alliances. With the increase of TMTs cognitive and absorptive capacity, searches for innovation alliances will become broader (Classen et al., 2012):

H1. TMT generational involvement is positively associated with a family firm’s innovation ambidexterity.

H2. TMT generational involvement is positively associated with a family firm’s OI breadth.

TMT non-family involvement and innovation
As family firms tend to be reluctant to share control with others (Gomez-Mejia et al., 2007), they face a challenge to fully integrate non-family managers into the business (Zahra, 2005). However, the presence of non-family managers has the potential to create several advantages. The potential cognitive bias of family members may be minimized if alternative perspectives from “outsiders” are considered during decision making (Stanley, 2010). Several studies argue that the strength of the family in the TMT will lead to more exploitative actions to avoid failure and to protect their investments, which will prevent
exploration (Hiebl, 2015) and radical innovation (Li and Daspit, 2016). Without integrating external managers, a family firm may lack qualified personnel (Miller et al., 2015). Prior research has found a high ratio of family managers in the TMT to be associated with less innovation input (Matzler et al., 2015), and with a lower product portfolio performance (Kraiczy et al., 2014). When non-family managers are included in the TMT, they are less concerned with the socio-emotional benefits and therefore will shift the firm’s orientation toward financial goals (Gomez-Mejia et al., 2007; Stanley, 2010). They have the reputation of being more rational and objective, as they are less concerned with potential family relationship conflicts. Their higher level of professionalization promotes change and innovation (Cruz and Nordqvist, 2012). In contrast, it may be argued that the business-owning family is the driver of entrepreneurial and explorative activities of the firm (Zellweger et al., 2012). Their long-term orientation and the ambition of the incumbent to extend the entrepreneurial dream through generations (Cassia et al., 2012) should promote explorative projects, and provide the base for future growth (Röhm, 2016). The family’s focus on power and control may result in a timely recognition of market demands which fosters explorative activities (Kammerlander and Ganter, 2015). In comparison, non-family managers are often incentivized to focus on short-term financial performance and exploitation (Block, 2011; Hall and Nordqvist, 2008). So, they will be less likely to pursue explorative activities that often yield profits only in the long term (Röhm, 2016). Either way, mixed TMTs combine different cognitive styles, and expand the firm’s access to diversified knowledge resources (Li and Daspit, 2016), which will foster ambidextrous outcomes. Teams which include experienced managers have a wider vision of strategic decisions, make use of more information sources and have more differentiated capabilities (Lee and Park, 2006). As it is likely that external managers have gained experience in other firms or markets before joining the family firm, they rely on a diverse network (Sirmon and Hitt, 2003). Prior experience, like the number of previous employers and senior positions held, influences the likelihood of engaging in new alliances (Eisenhardt and Schoonhoven, 1996), and is positively related to the OI breadth of family firms (Classen et al., 2012; Lazzarotti and Pellegrini, 2015):

H3. TMT non-family involvement is positively associated with a family firm’s innovation ambidexterity.

H4. TMT non-family involvement is positively associated with a family firm’s OI breadth.

The mediating role of OI breadth
A possible solution for resolving the paradoxical requirements of exploitation and exploration is to externalize one or the other by establishing alliances (Holmqvist, 2003; Lavie and Rosenkopf, 2006). Especially in small companies, where resources are often limited (Street and Cameron, 2007), these interorganizational activities may be an opportunity to enable both exploitative and explorative knowledge processes (Rothaermel and Deeds, 2004). Prior research has associated openness to innovation alliances with more innovative performance (Laursen and Salter, 2006), and with the creation of radical innovation (Colarelli O’Connor, 2006). The greatest positive impact on the degree of innovation comes from collaborative networks comprising different types of partners (Nieto and Santamaria, 2007). A diverse network of interorganizational collaboration interactions with users, customers, suppliers, universities and intermediaries is linked with ambidexterity (P aems et al., 2005). First, OI breadth provides the possibility of expanding the knowledge base, to get access to complementary assets and to encourage the transfer of knowledge, which result in the creation of resources that would otherwise be difficult to develop. Second, innovation risk and cost, as well as development process time, may be reduced (Lazarotti et al., 2017). Considering the prevailing facts of scare resources and risk aversion in family firms (Röd, 2016),
opening the innovation process to external parties may be a necessary strategic approach to achieve explorative innovation, and thus ambidexterity in family firms. As research suggests, family firms are more likely to establish external alliances aimed at exploration (Pittino et al., 2013). A study by Lazzarotti and Pellegrini (2015) has linked non-family managers’ openness to external innovation sources with their focus on an explorative innovation strategy and radical innovation. Therefore, while diverse TMTs may be the driving force of a family firm’s ambidextrous innovation strategy, they will have to rely on innovation alliances to reach their goals. Thus, it is concluded that the relationship between TMT diversity and ambidexterity is to be explained by the firm’s variety of innovation alliances:

- **H5.** The relationship between TMT generational involvement and a family firm’s innovation ambidexterity is mediated by OI breadth.
- **H6.** The relationship between TMT non-family involvement and a family firm’s innovation ambidexterity is mediated by OI breadth.

### Methodology

#### Data collection and sample

This study draws on the sub-sample of the Austrian contribution of the CIS 2014, provided by Statistik Austria, which is biannually conducted in most OECD countries and based on definitions and methodologies laid down in the Oslo Manual (OECD, 2005). Several studies on family firm innovation have become aware of the benefits of this comprehensive and large-scale survey (Classen et al., 2014; Steeger and Hoffmann, 2016). In Austria, firms with more than ten employees from various industry sectors are selected through random stratified sampling, resulting in approximately 5,500 firms, which is an estimated 35 percent of the statistical population. The average response rate of 50–60 percent resulted in a total of around 2,900 responses. The present study will concentrate only on firms that are identified as family owned and managed. Therefore, as CIS does not provide data on ownership or other family-related variables, the CIS data were linked with data from the Aurelia Neo Database by Bureau van Dijk, which provides information about the distribution of ownership, as well as the names and birth dates of the owners. In addition, this information was verified using several other data sources: firm websites, annual reports, national directories or press articles. In line with the definition of the EU commission and previous research, private firms are defined as family firms, where the family owns at least 50 percent of the firm and at least one family member is active in the management (Classen et al., 2014; Zellweger et al., 2012). The final sample consists of 335 Austrian family firms: 15.7 percent are active in research-intensive industries (e.g. chemicals, electrical/optical equipment and machinery/equipment), 3.3 percent in research-intensive services (e.g. information and communications, architecture and engineering), 44.2 percent in other industries and 36.8 percent in other services. The average firm age is 38.2 years (min. = 0, max. = 244), the average firm size in terms of full-time employees is 121 (min. = 10, max. = 2,267).

#### Variables and measures

Data measuring the dependent variable innovation ambidexterity are derived from CIS 2014. In the context of private family firms, which are characterized by focused actions resulting in different levels of innovation (Sharma and Salvato, 2011), an innovation output perspective seems adequate. Therefore, the present study links exploration with the creation of radical innovation and exploitation with incremental innovation (Tushman and O’Reilly, 1996). Prior studies have referred to products or services as radical innovations, if they are not just new to the firm, but new to the market, and as incremental, if they are only new to the firm, but have already existing alternatives on the market (Clausen and Pohjola, 2013;
Steeger and Hoffmann, 2016). Therefore, a dichotomous variable is used that takes the value of 1, if the firm is indicated to have launched products/services new to the market as well as products/services only new to the firm in the period from 2012 to 2014. If only one or neither was selected, the variable takes the value of 0. While this measure does not take the absolute values of exploration and exploitation into account (Lubatkin et al., 2006) or their balance (Kammerlander et al., 2015), it offers the advantage of a simple and unequivocal approach.

The mediator variable OI breadth is measured as the number of external partner types that a firm relies upon in their innovation activities (Classen et al., 2012; Laursen and Salter, 2006; Lazzarotti and Pellegrini, 2015). In the CIS, a firm should select which of the seven potential types of innovation partners they have co-operated with between 2012 and 2014: suppliers, customers from the private sector, customers from the public sector, competitors, consultants or commercial labs, universities and government, public or private research institutes. OI breadth is calculated by the sum of the seven categories.

The independent variable TMT generational involvement is measured by the number of family generations involved in the management (Ling and Kellermanns, 2010; Zahra, 2005), with a typical generation measured between 20 and 40 years. TMT non-family involvement is derived from the number of non-family TMT members divided by a firm’s total number of top managers (Classen et al., 2012).

The study also controlled for variables that could influence the firm’s innovation behavior. Innovation intensity is described as innovation expenditure per employee between 2012 and 2014 in thousand € (Classen et al., 2014). Company size has been identified as one of the most important determinants of innovation and ambidexterity (Rothaermel and Deeds, 2004), and is added as the logarithmic function of the average number of firm employees in the same period (Kraiczy et al., 2014). Company age is considered, as older firms become more likely to resist change and innovation (Zahra, 2005). Using a dummy variable, group indicates whether the firm belongs to a national or international enterprise group (Steeger and Hoffmann, 2016). TMT size, which is measured as the total number of TMT members, can influence the dynamics of a firm’s decision-making behavior (Siegel and Hambrick, 2005). In addition, team management (in comparison to management by one top manager) and TMT age ratio are included. Finally, as the level of innovation required to compete in an industry is a predictor of changes in exploration vs exploitation (Allison et al., 2014), controls for firm’s industry are added for research-intensive industries, research-intensive services, other industries or other services (Steeger and Hoffmann, 2016). Table I displays the descriptive statistics and correlations of the independent and control variables. While TMT non-family involvement ranges from none to 90 percent of external managers, TMT generational involvement consists of either one or two generations involved. As would be expected, TMT non-family involvement is positively correlated with firm size ($r = 0.321$, $p = 0.01$), belonging to a group ($r = 0.253$, $p = 0.01$), TMT size ($r = 0.608$, $p = 0.01$) and team management ($r = 0.394$, $p = 0.01$). TMT generational involvement has positive correlations with TMT size ($r = 0.288$, $p = 0.01$), team management ($r = 0.412$, $p = 0.01$) and TMT age ratio ($r = 0.780$, $p = 0.01$). The analysis of variance (VIF) demonstrates that no issue of multicollinearity exists, as individual values do not exceed 10, and average value does not exceed 6 (Neter et al., 1989) (Table I).

**Analysis and results**

The hypotheses were tested using a mediation model. According to Baron and Kenny (1986), full mediation is assumed, when the following four conditions are fulfilled: the relationship between the independent and the dependent variable is significant ($H_1$, $H_3$); the relationship between the independent and the mediating variable is significant ($H_2$, $H_4$); the relationship between the mediating and the dependent variable is significant, when controlled for the independent variable; and the effect of the independent on the
<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>VIF</th>
<th>Min.</th>
<th>Max.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TMT non-family involvement</td>
<td>0.061</td>
<td>4.479</td>
<td>2.334</td>
<td>0.000</td>
<td>0.900</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>TMT generational involvement</td>
<td>1.119</td>
<td>3.121</td>
<td>4.028</td>
<td>1.000</td>
<td>-0.073</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Log (firm size)</td>
<td>1.446</td>
<td>1.331</td>
<td>1.534</td>
<td>0.699</td>
<td>3.412</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Log (firm age)</td>
<td>0.229</td>
<td>1.402</td>
<td>1.369</td>
<td>0.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Group</td>
<td>0.368</td>
<td>2.975</td>
<td>8.120</td>
<td>0.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Other services</td>
<td>0.442</td>
<td>2.974</td>
<td>8.572</td>
<td>0.000</td>
<td>0.025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Research-intensive services</td>
<td>0.033</td>
<td>ns</td>
<td>ns</td>
<td>0.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Research-intensive industries</td>
<td>0.157</td>
<td>3.122</td>
<td>5.108</td>
<td>0.000</td>
<td>0.016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>TMT size</td>
<td>1.605</td>
<td>0.874</td>
<td>2.888</td>
<td>1.000</td>
<td>10.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Team management</td>
<td>0.442</td>
<td>1.648</td>
<td>2.636</td>
<td>0.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>TMT age ratio</td>
<td>0.129</td>
<td>12.809</td>
<td>5.643</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Investment in innovation</td>
<td>3.861</td>
<td>0.043</td>
<td>1.061</td>
<td>0.000</td>
<td>18.167</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>OI breadth</td>
<td>0.513</td>
<td>0.460</td>
<td>1.343</td>
<td>0.000</td>
<td>7.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Significant codes: 0 = *** 0.001 = ** 0.01 = * 0.05 = ns 0.1 = ns 1
dependent variable decreases in significance and/or magnitude once the mediating variable is taken into account (H5, H6). To test these assumptions, Model 1 performed a binominal logistic regression, using ambidexterity as the dependent variable. While TMT non-family involvement is positively and significantly related to innovation ambidexterity, TMT generational involvement is positively, yet not significantly \((p = 0.06)\) related to innovation ambidexterity. Therefore, H3, but not H1 is confirmed. However, a statistical trend supporting H1 can be recognized. Second, measuring the effect of the independent on the mediator variable OI breadth (Model 2), a panel Tobit specification is used (Tobin, 1958), which seems appropriate, as the sample includes firms that do not get involved in innovation alliances at all, as well as firms with different numbers of alliances. The method has been used in previous studies on family firm innovation, as we are dealing with many non-innovators in this field (Classen et al., 2014; Lazzarotti and Pellegrini, 2015; Steeger and Hoffmann, 2016). The results as displayed in Table II indicate a positive and significant relationship with TMT generational as well as with non-family involvement, confirming H2 and H4. Finally, OI breadth as a mediator variable is included in the bivariate regression analysis (Model 3). As expected, OI breadth is positively and significantly related to ambidexterity. In the case of TMT non-family involvement, the coefficient is lower than in the previous regression, without the inclusion of the mediator variable, and not significant anymore. Thus, full mediation is supported. To test the significance of the mediating effect, a Sobel (1982) test was performed. The results confirm the significance of the indirect effect of TMT non-family involvement on the dependent variable via the mediator \((z = 1.851, p < 0.07)\). Therefore, H6 is supported at a \(p\)-value lower than 0.1. In the case of TMT generational involvement, the coefficient is lower than in the previous regression, without the inclusion of the mediator variable and not significant. However, if we follow the strict rule that the relationship between the independent and the dependent variable is not significant at \(p = 0.06\), the first condition of full mediation is not fulfilled, Therefore, we cannot confirm full mediation and H5 is rejected (Figure 1).

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Model 1 (Logit regression)</th>
<th>Model 2 (Tobit regression)</th>
<th>Model 3 (Logit regression)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Innovation ambidexterity</td>
<td>OI breadth</td>
<td>Innovation ambidexterity</td>
</tr>
<tr>
<td>Investment in innovation</td>
<td>0.01797**** (0.01068)</td>
<td>0.04893*** (0.01726)</td>
<td>0.01342 (0.01063)</td>
</tr>
<tr>
<td>Log (firm size)</td>
<td>0.68856*** (0.41689)</td>
<td>1.96243*** (0.68339)</td>
<td>0.46482 (0.43000)</td>
</tr>
<tr>
<td>Log (firm age)</td>
<td>0.16787 (0.43566)</td>
<td>−0.57234 (0.68449)</td>
<td>0.30132 (0.45317)</td>
</tr>
<tr>
<td>Group</td>
<td>0.64866 (0.41003)</td>
<td>1.41843* (0.69766)</td>
<td>0.42882 (0.43438)</td>
</tr>
<tr>
<td>Other services</td>
<td>−1.26264*** (0.46619)</td>
<td>−3.01473*** (0.83354)</td>
<td>−1.06918* (0.47482)</td>
</tr>
<tr>
<td>Other industries</td>
<td>−0.97880* (0.43224)</td>
<td>−1.40895*** (0.72650)</td>
<td>−0.94018* (0.44221)</td>
</tr>
<tr>
<td>Research-intensive services</td>
<td>0.09118 (0.81128)</td>
<td>−0.20400 (1.43787)</td>
<td>0.12260 (0.84039)</td>
</tr>
<tr>
<td>TMT size</td>
<td>−0.50137 (0.30618)</td>
<td>−0.48019 (0.39236)</td>
<td>−0.47231 (0.31733)</td>
</tr>
<tr>
<td>Team management</td>
<td>−0.25142 (0.90351)</td>
<td>−0.84599 (0.90743)</td>
<td>−0.21541 (0.63085)</td>
</tr>
<tr>
<td>TMT age ratio</td>
<td>−3.17286 (3.71574)</td>
<td>−4.92605 (3.93261)</td>
<td>−3.18802 (3.92291)</td>
</tr>
<tr>
<td>TMT generational involvement</td>
<td>1.72377*** (0.93045)</td>
<td>3.82655* (1.50438)</td>
<td>1.29614 (1.00917)</td>
</tr>
<tr>
<td>TMT non-family involvement</td>
<td>3.09228* (1.42112)</td>
<td>6.43282** (2.32881)</td>
<td>2.53777*** (1.49106)</td>
</tr>
<tr>
<td>OI breadth</td>
<td>0.30194* (0.12112)</td>
<td>0.17462 (0.74671)</td>
<td>0.35273 (0.57659)</td>
</tr>
<tr>
<td>Intercept</td>
<td>−3.78677 (1.27331)</td>
<td>−7.88531*** (2.15416)</td>
<td>−3.3921* (1.36678)</td>
</tr>
<tr>
<td>Wald’s test</td>
<td>31.4, df = 10***</td>
<td>55.8, df = 12***</td>
<td>36.7, df = 11***</td>
</tr>
<tr>
<td>McFadden’s pseudo (R^2)</td>
<td>0.136235</td>
<td>Log likelihood −247.4 on 14 df</td>
<td>0.1592201</td>
</tr>
</tbody>
</table>

Table II. Results of regression analyses

Notes: Standard errors are in parentheses. Significant codes: 0 **** 0.001 *** 0.01 ** 0.05 * 0.1 " 1
Discussion

Discussion of results

The present quantitative research addresses the effects of multigenerational family involvement and non-family involvement on ambidextrous innovation in family firms, considering the mediating role of OI breadth in this relationship. TMT diversity has been identified as an important driver for innovation in family firms. The described effect is even stronger for the inclusion of non-family team members than for multiple generations, which might indicate that the former are more resistant to “group thinking” and to family group pressure. Furthermore, the results highlight the role of innovation alliances in the innovation process. In the case of generational involvement, the influence on innovation ambidexterity is only significant at a p-value lower than 0.1. Therefore, we observe rather than a causal relationship between multigenerational teams and innovation output, a direct influence of those teams on OI breadth, which in turn affects innovation ambidexterity. The findings allow different interpretations. First, diverse TMTs tend to pursue an aggressive innovation strategy in terms of exploration and therefore look for external innovation sources to achieve both radical and incremental innovation, which would support the previous quantitative findings by Lazzarotti and Pellegrini (2015). Second, diverse TMTs are more likely to engage in diverse innovation alliances in the first place, given their higher cognitive and absorptive capabilities and lower level of socio-emotional wealth (Classen et al., 2012). This then results in the input of new ideas from the innovation partners, and thus an ambidextrous innovation outcome. Either way, findings indicate that family firm TMTs rely on sources of external knowledge to be able to create incremental as well as radical innovation at the same time. Therefore, family firms will benefit not only from the input of external managers or the next generation, but also from the input of external alliance partners. An additionally performed multinominal regression analysis revealed that diverse TMTs tend to focus on radical innovation, as they are less likely to achieve only incremental innovation output; therefore, TMT diversity and OI breadth are confirmed as drivers for radical innovation.

Theoretical and practical implications

The findings of this research offer several contributions to family business as well as to innovation research. Primarily, this study adds to the discussion regarding the relationship between family involvement and innovation. So far, findings have been contradictory and inconclusive, which is not surprising given the vast heterogeneity of family firms (Li and Daspit, 2016). By acknowledging that family firms are not a homogeneous group, this study takes a further step in disentangling this complex relationship. More precisely, this research answers a call for research addressing the within-group differences among family firms in

Note: Significant codes: 0 “****” 0.001 “***” 0.01 “**” 0.05 “*” 0.1 “ ” 1

Figure 1. Results of the research model
exploration and exploitation (Goel and Jones, 2016). As family firms have the reputation of producing incremental rather than radical innovation and of being reluctant to open up for innovation partnerships (De Massis et al., 2015), it is important to generate more insights into conditions within which family firms stay on course through different levels of innovation (Sharma and Salvato, 2011). This study has identified the family management team as a key deterrent of highly innovative family firms. Thus, the upper echelon perspective in the family firm context is supported. What is more, this study emphasizes that the TMT is dependent on new sources of knowledge to enable novelty. By allowing new input from the succeeding generation and external managers, the firm’s learning process is enhanced. To this extent, this study on innovation in the context of family firms is closely related to the topic of organizational learning and the learning orientation of the (family) firm (Choi, 2014). Furthermore, the role of innovation partnerships as enablers of exploration and exploitation is highlighted. They are identified as a necessary path to access the knowledge and know-how (family) firms lack within the organization (Chesbrough et al., 2008). Thus, this study adds to the discussion on how family firms can embrace an open and collaborative approach to innovate (Kellermanns and Hoy, 2016). In conclusion, this study helps to bring light to the topic of family firm innovation heterogeneity, and to recognize family firms as radical as well as open innovators.

Apart from the theoretical contribution, the study aims for high practical relevance and the creation of applicative knowledge (Frank and Landström, 2015). By identifying effective TMT compositions with the ability to change the innovation strategy of family firms, guidance for practitioners is provided. Therefore, the focus was set on measuring drivers that are easier and more likely for family firms to modify such as management structures rather than ownership conditions (Fuetsch and Suess-Reyes, 2017). Especially in times of disruptive change, family firms will have to open up to new technologies and change. Therefore, traditional strategies fostering exploitation and incremental innovation might not be sufficient to stay ahead of the competition. Family liabilities such as risk aversion, closedness to the outside or group thinking, often hinder exploration and radical innovation. They might be overcome by inviting the succeeding generation or non-family members to join the TMT. However, to benefit from their input, they must be provided with the freedom to bring in their own ideas. What is more, neither the new generation nor external managers as such are keys to ambidexterity, but their likelihood to be open to external sources of knowledge. As this is not a given prerequisite, the family should make sure that hired external managers bring in their diverse network acquired through former work experience. The succeeding generation might be well prepared for future responsibilities when gaining non-family firm work experience or when building networks in business schools or other formal institutions. Then, they are likely to provide the necessary knowledge to respond to the challenges of digitalization and the awareness of the importance of innovation alliances to reach their targets. While sources of family firms’ longevity are not well understood (Pieper, 2007), the present study has identified family-specific management conditions as an important driver of innovation, and consequently, of a firm’s longevity and sustainability.

Limitations
The study has several limitations. First, it is not taking a longitudinal approach, as firm’s innovation activities at a three-year period were measured. Therefore, the focus is on contextual ambidexterity and does not consider sequential ambidexterity or how the family firm pursues explorative and exploitative activities over time (Allison et al., 2014). Using several editions of the CIS might provide further insights. Second, due to limitations arising out of secondary data usage, the study measures the outcome of the ambidextrous behavior in terms of product and service innovation, without considering process or marketing innovation. Also, the study does not give insights into the complex processes of the
ambidextrous behavior of the firm. Survey questionnaires with multi-dimensional measurement scales or qualitative studies could provide further insights. Finally, the study does not measure the effect of ambidexterity on firm performance, which is expected to be positive (Lubatkin et al., 2006).

In conclusion, the study provides additional insights into how family firms may succeed in staying highly innovative across generations, by being able to simultaneously combine exploration and exploitation.

References


Further reading


Corresponding author

Irina Rod can be contacted at: irina@roed.at

For instructions on how to order reprints of this article, please visit our website:
www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Socioemotional wealth and family commitment

Moderating role of controlling generation in family firms

Mohammad Rezaur Razak, Raida Abu Bakar and Norizah Mustamil
Faculty of Business and Accountancy,
University of Malaya, Kuala Lumpur, Malaysia

Abstract

Purpose – The purpose of this paper is to determine the elements of family-centric non-economic goals, such as socioemotional wealth (SEW) of family business owners, that drive family commitment. The empirical study further tests whether such relationships are impacted by the aspect of ownership, that is, who controls the firm: founder generation or subsequent generation of owner managers.

Design/methodology/approach – Deploying the SEW and stakeholder theories, this study proposes a conceptual link between socioemotional wealth dimensions and family commitment. The study is based on a survey of 357 private family firms in Bangladesh involved in manufacturing ready-made garments. The respondents are all in senior-level management positions in their respective firms and are members of the dominant owning family.

Findings – Prior to considering the moderating effect of controlling generation, the results indicate that four out of five FIBER dimensions of SEW affect family commitment, except for binding social ties. The study also finds that when a comparison is made between the founder generation and the subsequent generation of family firm managers, it is the latter that manifests significantly higher levels of family commitment when the focus is on the two FIBER dimensions of SEW: binding social ties and identification of family members with the firm.

Research limitations/implications – Although the cross-sectional nature of the study exposes the study to the specter of common method bias, procedural remedies were initiated to minimize the likelihood. Furthermore, data were collected from a single key informant in each organization. Therefore, both a longitudinal study and corroborating data from more than one individual in each firm would possibly provide a more robust picture.

Practical implications – Key decision makers from within the family who wish to see their subsequent generation remain engaged and committed to the family firm may find cues from the fact that focusing on binding social ties and identification of family members with the firm play an important role in ensuring continued commitment to the business by their successors.

Social implications – Family businesses are recognized to be vital contributors to most societies around the globe, both as employment generators as well as catalysts of economic activities. Hence, policy makers may derive pertinent information from the study in adopting policies to nurture and ensure survival and continuity of family-owned businesses, by understanding how family-centric non-economic goals impact family’s desire to commit resources, time and effort to the enterprise from generation to generation.

Originality/value – Determining the factors that drive continued engagement and commitment of family members to the business enterprise is a phenomenon that needs to be better understood in order to ensure continuity and survival of family enterprises across generations. This study attempts to provide a more nuanced understanding of how different components of family-centric goals, such as SEW, impact family commitment. The study contributes to theory building by providing a conceptual link that demonstrates the components of SEW that are most pertinent in terms of ensuring higher levels of family commitment to the family-owned business.

Keywords Socioemotional wealth, Family commitment, Founder generation, Subsequent generation

Paper type Research paper

1. Introduction

Founders of family businesses at some times face the dilemma of whether the subsequent generation of family owners will demonstrate the level of commitment that the founders had toward the organization. Although many examples of organizations exist where the
subsequent generations have successfully scaled up and diversified the family business (e.g. Ford Motor Company, Reliance Group-India, etc.), the vast majority of family firms are challenged by the possibility of diminishing levels of commitment to the firm by subsequent generation of family members (Groysberg and Bell, 2014; Laffranchini et al., 2018). Collective family commitment to the business enterprise is likely a dynamic phenomenon and may decline as the control of the firm transitions from founders to the next generation (Shen, 2018). This brings to fore the specter of the possibility of decline or even disintegration of the family enterprise or transfer of ownership through sale at some stages of the generational cycle (Walsh and Lachenauer, 2018); thus, the control of the firm changes hands and transforms the firm from a family to a non-family-owned enterprise.

Specifically, what drives key decision makers in a family firm to commit resources, time and effort to the enterprise is an important but fairly unexplored area (Zahra et al., 2008; Hatak et al., 2016). A possible explanation of the key drivers of family commitment may be found through the understanding of family-centric non-economic goals such as socioemotional wealth (SEW) (Gomez-Mejia et al., 2007). The salience of family firm owners toward the pursuit of this SEW endowment has been found to affect the behavior of family members involved in management (i.e. family managers) (Martin and Gomez-Mejia, 2016; Laffranchini et al., 2018) and strategic decisions such as joining cooperatives, diversification, internationalization of the family firm, investment in R&D, etc. (Gomez-Mejia et al., 2011; Torchia et al., 2018). Therefore, the possibility looms large that collective behavioral traits such as family commitment to the business are driven by the salience of family members involved in the management of the firm (family managers) toward SEW goals of the family.

Over the last two decades, scholarly endeavor has been directed toward development of a unique theory of family business that enables a clear and consistent prediction of how goals interact with behavior and firm-level outcomes in the context of family-owned and controlled businesses (Shen, 2018; Torchia et al., 2018; Daspit et al., 2017; Rousseau et al., 2019). From the perspective of theory building, family business research has been relying on theories borrowed from other disciplines such as economics, marketing, finance, behavioral psychology, etc. (Zahra, 2016). The field has not been able to reach the same heights as other disciplines of management, mainly because it does not have a unique home-grown “theory of family business” (Zahra, 2016), which has been referred to as “Quest for the Holy Grail” by some family business scholars (Cruz and Arredondo, 2016).

Several empirical studies on the impact of family involvement on the firm and outcomes such as financial performance, investment in R&D, internationalization, diversification, etc., have revealed conflicting findings (Basco, 2013; O’Boyle et al., 2012; Mazzi, 2011). The incongruences in the findings in empirical studies have led researchers to explore contingency factors that moderate and thus explain the source of heterogeneity (Chua et al., 2012; Cruz and Nordqvist, 2012; Garcia-Castro and Aguilera, 2014). In line with this thought, the generational stage or family generation in control of the firm is likely a major source of heterogeneity among family firms (Cruz and Nordqvist, 2012; Eddleston et al., 2013; Sciascia et al., 2014).

As family coalitions mature, they often transform into several family units through blood and marriage, leading to divergence in goals of each family unit wherein individual units tend to develop their own self-interests. Such diversity in goals often leads to decline in collective family commitment to the firm, which may be one of the contributing factors to the low survival rate of family businesses (Eddleston et al., 2013; Rousseau et al., 2019). Studies find that typically in the second generation, the stagnation in growth is common, especially when sibling rivalry comes into play and conflicts over control and influence cause them to block each another’s initiatives (Eddleston et al., 2013). During periods of crisis, the weaker levels of commitment to the enterprise are likely to manifest themselves more profoundly, especially in private family firms. Furthermore, the knowledge,
experiences and insights, related to the business, of the owners who started the firm will vary from that of the next generations, since businesses are usually created in industries, of which the founding entrepreneurs are the most knowledgeable (Duchesneau and Gartner, 1990). Finally, the first generation of owners tends to have deeper levels of firm commitment, not only because ownership is in the hands of a few individuals, but also due to the financial and reputational stakes that the founders invest in the firm during the start-up phase (Gersick et al., 1997; Laffranchini et al., 2018).

The preceding arguments suggest that as the control of the firm transitions from first to a later generation, the subsequent generations of family firm leaders are likely to bring a different set of perspectives and behavioral orientation to the organization (Salvato, 2004; Zahra, 2005). Such shifts in behavioral orientation are likely to impact the policies and strategic directions adopted in top management circles of the firm. Therefore, it is plausible that when control of the family firm is transferred across generations, the effects on the intensity of commitment will change. Consequently, the understanding of how individual dimensions of SEW impact family commitment, and how the strength of the association varies based on the generation stage of the family firm, may be an important discovery in clearing the inconsistencies in prior empirical findings, thus paving a path for theory development.

To date, there appears to be a dearth of studies undertaken to determine if the salience of family managers toward each of the separate components of SEW does in fact influence commitment to the firm's business goals, and whether the strength of association of the above relationship is contingent upon whether the firm is controlled by founders or their subsequent generation of family managers. This study, therefore, attempts to explore the answers to the above queries, which are yet to be thoroughly explored, by proposing a research model to test hypotheses that emerge from these questions. Therefore, the research questions investigated by this study are as follows:

**RQ1.** How do individual dimensions of SEW impact family commitment to the firm?

**RQ2.** What is the moderating effect of “generation in control” on the relationship between individual dimensions of SEW and family commitment?

This study deploys the SEW theory (Gomez-Mejia et al., 2007), to suggest that family owners have multiple family-centric non-economic goals, and leverages the principles delineated in the expanded explanation of the stakeholder theory by Zellweger and Nason (2008), to propose a theoretical model linking multiple dimensions of SEW to family commitment (Chrisman et al., 2012; Debicki et al., 2017). The research is based on a data set of 357 (medium to large sized) private family firms in the export-oriented apparel manufacturing sector in Bangladesh.

### 2. Literature review

A review of prior scholarly works related to family goals and behavioral outcomes of family firms reveals several gaps in the empirical literature, particularly related to the issue of identifying the drivers of family commitment. The key constructs shown in Figure 1 are discussed in detail in the sub-sections below.

![Figure 1. Key constructs in research model](image)
2.1 Family commitment

In their seminal work, Carlock and Ward (2001) elaborated on the concept of “Family Commitment” in the context of family firms. The authors argued that the process for exploring family commitment requires the family to consider two primary questions. First, is there a collective desire within the family to remain a family organization? Second, do the key decision makers in the controlling family have the discretion and disposition to shoulder the responsibilities that go with being the dominant owners of a business enterprise? The presence of family commitment requires an affirmative response to both questions, because it entails the continuous commitment of resources, effort and time to the enterprise.

Family commitment to the firm is what makes the enterprise a family business. Without a commitment to simultaneously strategize and follow up the family-centric goals and firm-centric goals, there would be no difference between a family firm and a non-family one (Klein et al., 2005; Shen, 2018). In the absence of shared commitment of the family to invest resources, time and effort to the business, subsequent generations of family members may be either inclined to be passive investors with professional managers managing the firm or selling their holdings in the family firm to others (Marler et al., 2017). Ensuring that family members are dedicated to the family enterprise beyond the founder generation is a daunting task and probably one of the key success factors in keeping the flavor of family-owned business still burning in the organization. It demands a visionary family leadership from the family principals to develop such a collaborative vision and to pass it on to the subsequent generation of family members. However, as the family grows and the family network expands along with marital ties, the cohesion of the family faces challenges, especially when the organization becomes detached from the founding entrepreneurs.

Family commitment demands something above and beyond the verbal expression of loyalty to the family enterprise. In fact, it involves a deep and active connection with the business organization such that family managers are willing to give a good part of their lives in order to contribute to the firm’s well-being (Klein et al., 2005). Family commitment is an important variable in comprehending behavior and organizational outcomes. Astrachan et al. (2002) argue that commitment to the family business is based on at least three primary issues:

1. a passionate and personal attachment to the goals and visions inculcated by the founders of the family firm;
2. an ardent desire to contribute to the family enterprise; and
3. strong intention for a life-long connection with the family organization.

The above definition indicates that a crucial element of commitment is behavior supportive of the family organization’s business goals, not mere superficial intentions.

2.2 Socioemotional wealth

SEW is considered as a set of family-centric non-economic affective endowments (Martin and Gomez-Mejia, 2016; Wu, 2018). The theory stipulates that the pivotal reference point in decision making in the context of family firms is the preservation of SEW, and the firm owners would be risk-averse when it comes to any potential loss of the family’s social or emotional capital, even if it means tradeoff with economic opportunities (Gomez-Mejia et al., 2007; De Castro et al., 2016; Daspit et al., 2017; Rousseau et al., 2019). Hence, the research question debated in earlier studies whether family firms perform better or worse than non-family firms is being considered less significant according to several family business scholars (e.g. Berrone et al., 2010, 2012; Hauck et al., 2016; Martin and Gomez-Mejia, 2016), because family businesses are intrinsically different in nature from non-family ones. For family firm owners, the guiding compass for strategic and operational decisions is based on the preservation of SEW, unlike non-family firms in which the primary interest of investors is maximizing return on investment (Martin and Gomez-Mejia, 2016).
2.2.1 Multidimensional characteristics of socioemotional wealth. The past empirical research related to SEW was undertaken through the use of remote proxies that typically reflect a single component of SEW (Schulze and Kellermanns, 2015; Prugl, 2019). For instance, the presence of a family CEO has been considered as the indication of the existence of SEW in a family firm. This categorical variable is said to reflect a family’s desire to retain control and influence over the firm’s policies, strategies and operations (Zellweger et al., 2011). Similarly, other studies have used indirect measures such as ownership concentration of the family coalition to reflect a desire for control (Chua et al., 2012; Prugl, 2019). The use of such proxies has drawn criticism from family business scholars (Miller and Le Breton-Miller, 2014; Schulze and Kellermanns, 2015) for overlooking the inherent multi-dimensionality of the SEW construct. Furthermore, such proxy measures have been applied to determine whether family firms outperform non-family firms, and such application of such proxies may have contributed to the conflicting findings in prior studies (O’Boyle et al., 2012; Martin and Gomez-Mejia, 2016; Prugl, 2019).

The multi-dimensional conceptualization of the SEW construct is a result of fairly recent scholarly endeavor (Xi et al., 2015; Martin and Gomez-Mejia, 2016; Prugl, 2019). Fortunately, efforts by family business scholars have led to the development of multi-dimensional scales that bridge the gap between conceptualization and operationalization of the SEW construct (e.g. Berrone et al., 2012; Debicki et al., 2016). The most noteworthy of these scales (Martin and Gomez-Mejia, 2016; Daspit et al., 2017; Prugl, 2019) is the FIBER scale developed by Berrone et al. (2012) in which the letters (FIBER) are acronyms for five distinct dimensions of SEW, as shown in Figure 2.

2.3 Generation in control

Generation in control (or “Controlling Generation”) is defined as the family generation (i.e. founder generation or subsequent generations of family firm owners) that manage the business policies, strategies and operations of the enterprise (Cruz and Nordqvist, 2012; Kellermanns and Eddleston, 2006; Kellermanns et al., 2008; Shen, 2018). A cluster of empirical studies sheds light on the differences in the role of controlling generation with regard to the business and economic performance of family firms (e.g. Aronoff, 1998; Eddleston et al., 2013; Gersick et al., 1997; McConaughy and Phillips, 1999; Sonfield and Lussier, 2004). Such studies appear to stress on the behavioral differences between founder generation, second generation and subsequent generations with a larger network of family members (Sciascia et al., 2014).

The stage of the family firm generation also influences the salience of the family members on the need to preserve SEW (Miralles-Marcelo et al., 2014; Sciascia et al., 2014; Stockmans et al., 2010). At later generational stages, the identification with the family business and their
emotional bonds to the firm are likely to be lower, as family bonds tend to weaken and differences arise among different branches of the family (Le Bretton-Miller and Miller, 2013; Sciascia et al., 2014). The intensity of family identification with the firm, personal investment in the family organization and behavioral attitudes toward the enterprise evolve as the firm’s ownership changes hands from one generation to the next (Cruz and Nordqvist, 2012; Gersick et al., 1997; Schulze et al., 2003). In subsequent stages of the family generation, the priority of preserving SEW diminishes, whereas the priority of family members shifts to financial benefits, and outcomes such as dividend payouts become more important (Gomez-Mejia et al., 2007; Lubatkin et al., 2005; Sciascia et al., 2014).

3. Theoretical framework and hypotheses

Although literature recognizes the emphasis by family firms on family-centric outcomes, the effect of these family-centric goals on the collective behavior of family managers and subsequent business outcomes is not well understood (Sharma, 2004; Daspit et al., 2017). Researchers have attempted to explain links between SEW and outcomes such as firm performance (e.g. De Castro et al., 2016; Martin and Gomez-Mejia, 2016), innovation (Chrisman et al., 2012), environmental awareness (Berrone et al., 2010) and internationalization (Calabro et al., 2016), yet there is a need for a theoretical explanation for how family-centric non-economic goals such as SEW of the family relate to family firm behavior such as family commitment. In this attempt to shed some light on the nonfinancial performance dimensions, studies by Litz (1997), followed by Sharma (2004), proposed that the stakeholder theory (Freeman, 1984; Freeman and McVea, 2001) might be helpful in unraveling the conceptual links between goals and behavior.

Aligned with the suggestion by Sharma (2004), the seminal work of Zellweger and Nason (2008) has laid the foundation for applying the stakeholder approach to the context of family firms wherein the family is an additional key stakeholder. The authors expanded upon the stakeholder theory to suggest four distinct levels of stakeholder interactions: individual, family, firm and society. Furthermore, Zellweger and Nason (2008) suggested a set of the typology of relationships that may exist between and across stakeholder groups (overlapping, causal, synergistic and substitutional). This study leverages upon the stakeholder approach developed by Zellweger and Nason (2008) to propose a theoretical link between the variables and to develop a set of hypotheses for testing, as shown in Figure 3. The dimensions of SEW are based on the FIBER scale (Berrone et al., 2012).

3.1 Family control and influence and family commitment

A broad consensus in the extant literature suggests that the desire for control and influence over the policies, strategies and operations of the family firm are a major priority in family enterprises and are viewed as directly connected to family’s SEW agenda (Chrisman et al., 2012; Chrisman and Patel, 2012; Debicki et al., 2017). For example, the tendency of selecting family members to replace retiring family managers (Kets de Vries, 1993) or the apparent reluctance of family owners to introduce formal governance mechanism to professionalize the operational activities of the firm (Gomez-Mejia et al., 2011; Dekker et al., 2015) are a few instances of behavioral outcomes observed in family enterprises wherein the primary motive is to maintain control and influence with the idea of preserving the SEW endowment of the family firm owners.

The arguments above imply that family firm owners would avoid any decisions that may jeopardize the family’s control and influence in the firm (Cruz et al., 2014). Prior empirical studies have shown that retaining control and influence over the enterprise is likely to impact the behavior of family firm owners (Chrisman and Patel, 2012; Cruz et al., 2014). Therefore, the automatic default behavior for family-owned businesses would be to ensure control and influence over the managerial decisions in the firm.
This study assumes that higher levels of “family control and influence” dimension of SEW are likely to translate into negative consequences for family commitment. In fact, the high intensity of family’s desire for control and influence over the firm at any cost is also likely to have a negative impact on performance goals also. When the typology of Zellweger and Nason’s (2008) stakeholder approach is applied to this issue, the benefits of pursuing family control and influence goals may be classified as substitutional in nature with regard to family commitment to the firm. Furthermore, applying Zellweger and Nason’s (2008) tenets of stakeholder levels of analysis, the substitutional outcomes may be either within the same stakeholder unit or across various stakeholder units. For instance, emphasis on family control may give priority for employment to less qualified family members over hiring an outsider with much superior qualifications and experience (Jones et al., 2008); as a result of such decisions, the satisfaction of the individual family members will be met at the expense of the firm.

Although it is recognized that certain aspects of family control and influence may ensure positive outcomes, such as harmony and cohesion within the family, that may also enhance family commitment, yet this study posits that such positive outcomes will most likely be overshadowed by the negative consequences of high levels of desire for control and influence by the family. Therefore, this study posits that the overall effect of desire for control and influence on family commitment to the firm is likely to be negative. In line with these arguments, the following hypothesis is stipulated:

\[ H1. \] Higher degrees of “Family Control and Influence” will lead to lower levels of “Family Commitment” to the firm.

3.2 Identification with family firm and family commitment

The SEW dimension of “Family Identification” refers to the importance of perceptions about the family by external stakeholders in the overall community the firm operates in, and it is associated with family’s reputation and social support within the community (Debicki et al., 2016; Prugl, 2019). From Zellweger and Nason’s (2008) stakeholder perspective, “Family Identification” satisfies the demands of all the four stakeholder groups (individual, family, organization and society) simultaneously, and the benefits of pursuing such goals may be
considered overlapping. For instance, an individual may derive personal benefits from being part of an organization known for its ethical business practices and by being an overall good corporate citizen. Carmeli et al. (2007) suggested that the extent to which family managers identify with their family enterprise is somewhat comparable to the concept of "employee engagement", and such identification tends to positively impact task performance. Based on the above discourse, it may be argued that when family firms owners assign high priority to derive a positive family identity because of their association with the firm, they will be engaged with the mission and the collective goals of the organization, and are therefore expected to exert more effort and time to the organization, ensuring that the firm’s reputation is enhanced through their business activities. This suggests that enhancements in this dimension of SEW – family identification to the firm – are likely to be positively related to commitment to the firm. Therefore, the following hypothesis is posited:

H2. Higher degrees of “Family Identification” with the firm will lead to higher degrees of “Family Commitment” to the firm.

3.3 Binding social ties and family commitment

Family business owners who assign priority to goals of social prominence are likely to indulge in actions that are recognized by external stakeholders as initiatives that contribute to the utility of the community in which the family firm resides. This may culminate into a social support network for the family and the firm that can be disseminated throughout the society (Corbetta and Salvato, 2004; Tagiuri and Davis, 1996). Therefore, this implies that goals related to social acceptance, such as binding social ties of the family firm, can meet the expectations of all the four levels of stakeholders. Furthermore, applying the family firm stakeholder relationship typology from Zellweger and Nason (2008), the outcome of pursuing the SEW goal of binding social ties may be considered as overlapping. Arregle et al. (2006) noted that family connections often help the family to conduct beneficial business activities and may be a source of competitive advantage for the firm. Customers may be inclined to conduct business with a company managed by a family that is known for its good corporate citizenship and is considered a trusted name in the community. Therefore, applying Zellweger and Nason's (2008) relationship typology, the association between “binding social ties of the family” and family’s commitment to the firm may be causal, overlapping and synergistic. In summation, the advantages gained by pursuing goals aimed at pursuing the prominent social status of the family as well as the firm are expected to reduce costs, create short-term and long-term benefits for the family and the firm and enhance family commitment and consequently the firm performance. Therefore, the following is hypothesized:

H3. Higher degrees of “Binding Social Ties” with the firm will lead to higher degrees of “Family Commitment” to the firm.

3.4 Emotional attachment and family commitment

Owners of family firms are likely to derive emotional utilities from several sources. For example, members of the family who are involved in the firm as managers or employees may feel a sense of satisfaction, everyday, when they walk into their work places that bear the family name and that were built with the toil and sweat of their predecessors. This is indeed a very powerful emotion, and the family members feel a strong connection with the family enterprise, thus forming a strong emotional bond with the family firm (Kets de Vries, 1993; Tagiuri and Davis, 1996). This emotional tie between the firm and the family impacts the behavior of family members who are managing the organization (Baron, 2008). The urge to focus on improving the well-being of the family coalition is a powerful motivator in
family-owned businesses (Gomez-Mejia et al., 2011). Family owners in senior management roles derive gratification from the knowledge that their family members work for the firm. Such an emotion may be even stronger in the case of founders of the firm, who feel gratified by providing an opportunity to their progeny and even siblings to work for the family business they created, thus developing strong emotional bonds among the family firm owners. Founding entrepreneurs who help create successful business enterprises are treated with great respect and admiration within the family circle (Baron, 2008), and their legacy often serves as the nucleus for strong emotional bonds between the family members (Campopiano and Rondi, 2018).

From the stakeholder perspective, emotional attachment of the family to the firm leads to enhanced focus on reputation, which will generate a synergistic association between the SEW dimension of “emotional attachment of the family with the firm” and family commitment to the firm. Therefore, the preceding arguments suggest that reputation is likely to positively influence commitment to the firm and firm performance. Hence, higher levels of family SEW dimension associated with the emotional attachment of family members to the firm will positively influence family commitment and firm performance. Thus, the following is hypothesized:

H4. Higher degrees of “Emotional attachment of the family to the firm” will lead to higher degrees of “Family Commitment” to the firm.

3.5 Renewal family bonds through dynastic succession and family commitment

The SEW dimension of “renewal of family bonds through dynastic succession” is about the preserving the family dynasty in the business organization (Jones et al., 2008), and continuity of values of the family articulated by the founders and improved upon by subsequent generations through the operation of the business. Family business owners value the benefits of the above SEW dimension that allows them to maintain family name and influence across several generations (Debicki et al., 2016). This dimension of SEW is related to the intrinsic satisfaction that family members derive from being able to contribute to the trans-generational sustainability of family influence over the firm. The priority of this dimension to the owners of family firms leads to the development of an environment in which family members tend to be united in their vision, take decisions with this goal in the back of their minds and work together toward family consensus on vital issues.

Based on Zellweger and Nason’s (2008) stakeholder levels of analysis, it may be argued that the relationship between pursuing the SEW dimension of “renewal of family bonds through dynastic succession” (or family continuity) and family commitment may be characterized as causal and synergistic, and in some instances overlapping. For example, because of the family continuity goal in the business, family members involved in the management of the firm tend to cultivate relationships with societal stakeholders and maintain effective relations with organizations that are part of the firm’s support network, such as supply chain partners, banks, regulatory authorities, etc. Such relationships ensure the firm’s and family’s legitimacy within the society (Lounsbury and Glynn, 2001). Such positive networks with external stakeholders tend to lead to manifestation of higher levels of commitment to the firm, further enhancing performance (Arregle et al., 2007), for instance, through absorbing the cost of managing complex cooperative relationships (Mohr and Puck, 2013).

However, it is plausible that certain aspects of the pursuit of family’s trans-generational continuity in the firm may generate a negative impact on commitment and performance. It may be argued that the monomaniacal salience of family members on family’s dynastic continuity in the firm may have negative consequences for the firm, as rigid focus on
long-term goals over short-term opportunities may not augur well for the firm in many instances. This is due to the fact that longer-term horizons also expose firms to environmental risks that are not obvious right away and typically emerge over long-term time horizons. Nevertheless, the potential commitment and performance benefits of pursuing family continuity for these other stakeholders are expected to outweigh short-term firm-level hazards, as family firms tend to attract stakeholders that prioritize long-term stability, preservation of family control and survival of the firm (Poza et al., 1997; Berrone et al., 2014). Consequently, in family firms that consider such long-term continuity benefits to be highly important, performance is likely to be enhanced. It is stated formally:

\[ H_5. \]  Higher degrees of emphasis on “Renewal of Family Bonds through Dynastic Succession” will lead to higher degrees of “Family Commitment” to the firm.

3.6 Moderating effect of controlling generation

Aligned with studies on controlling generation in family firms (Beck et al., 2011; Casillas et al., 2010; Cruz and Nordqvist, 2012; Eddleston et al., 2013; Ling and Kellermanns, 2010; Mazzola et al., 2013; Sciascia et al., 2014), it is assumed that the family generation in charge, that is the generation of the founder’s family that owns and controls the management of the firm as suggested by Ling and Kellermanns (2010), serves as an important moderator. The literature on controlling generation suggests that the founding entrepreneurs have specialized knowledge and affective endowments, which they attempt to pass on to subsequent generations. However, as the torch is passed on, different patterns of interpersonal relationships develop among family members, which lead to different approaches to management (Gersick et al., 1997; Lansberg, 1999; Bell, 2017). Therefore, it may be argued that as the family expands and evolves into separate family units, the collective intentions and vision of the family may meander away from that which was held by the founders. This change is likely to impact on how the family units in subsequent generations behave with regard to SEW and commitment to the firm.

Following the above logic, it is argued that the relationship between the FIBER dimensions of SEW and family commitment to the firm is moderated by the controlling generation in the family firm. The relationship between the variables is expected to be stronger while the founder generation is still in the control of strategic and operational decisions of the firm, and it may weaken as the control shifts to subsequent generations. In family business organizations controlled by the founding generation, the likelihood of adopting behaviors that expose the firm to existential risks is expected to be lower compared to the subsequent generations of family managers, since family creativity and entrepreneurial spirit are high, and when the founding generations of owner managers are in control, the family’s tendency to commit more resources, time and effort to the firm is expected to be at its highest (Salvato et al., 2010).

The above arguments suggest that as the generation in control transitions from founder to next, the salience of SEW goals of the family may evolve, thus affecting the strength of relationships between SEW goals and family commitment. For example, the SEW goal of “emotional attachment of family members” may decrease at later generational stages, because with differences in agendas and commitment of different emerging family branches, the likelihood of family conflicts is likely to increase (Davis and Harvinston, 1999; Ensley and Pearson, 2005; Schulze et al., 2003), which may pose challenges in maintaining cohesion among family members. Furthermore, subsequent generations of family managers are likely to opt for more formal governance mechanisms into the organizational processes, which may make it difficult for family members to draw family-centric private benefits from the firm; thus, the firm starts to resemble non-family firms in many aspects (Shepherd and Haynie, 2009; Zellweger and Dehlen, 2012).
Based on the above arguments, the following hypotheses are posited:

\( H6a. \) Controlling generation moderates the relationship between SEW dimension of family control and influence, and family commitment.

\( H6b. \) Controlling generation moderates the relationship between SEW dimension of family identification with firm and family commitment.

\( H6c. \) Controlling generation moderates the relationship between SEW dimension of family binding social ties and family commitment.

\( H6d. \) Controlling generation moderates the relationship between SEW dimension of family emotional attachment and family commitment.

\( H6e. \) Controlling generation moderates the relationship between SEW dimension of renewal of family bonds through dynastic succession and family commitment.

4. Research method

To test the model, data were collected from private family firms in the garments (apparel) manufacturing sector in Bangladesh. In the first stage, survey questionnaires were sent by e-mail to CEOs of all the 4,365 firms listed on the Bangladesh Garments Manufacturing and Exporters Association (BGMEA) website (www.bgmea.com.bd). The sampling frame was available, because all the authorized ready-made garments’ manufacturers in Bangladesh are by law registered members of BGMEA (Baumann-Pauly, 2017). Out of this list of 4,365 firms, 795 firms indicated that the e-mails were received and read.

In the second stage, appointments were sought to meet the CEO or anyone nominated by the CEO who qualified as a key informant in the context of this study. As a key informant, the participants had to be members of the owning family and at the same time in senior management roles in their respective firms, such as in the position of: chairman, CEO, CFO, COO, director, general manager, etc. After getting appointments, the survey instruments were hand carried and presented to each respondent. Personally meeting the participant was a way to ensure that questions were being answered by individuals with a holistic perspective of the family’s SEW goals and the firm’s business goals. Finally, 416 questionnaires were returned, out of which 357 surveys were usable and met the criteria of family firm defined by Chua et al. (1999), indicating a response rate of 8.17 percent. This is a common experience with researchers collecting data from private family firms (e.g. Sciascia et al., 2014 reported an effective response rate of 4.1 percent from Italian family firms).

4.1 Measuring the dependent variable: family commitment

In order to measure family commitment, the shortened scale by Chrisman et al. (2012) was employed. This scale is based on a seven-item sub-scale of Klein et al.’s (2005) F-PEC subscale that includes the following: “family members feel loyal to my business,” “my family and my business have similar values,” “family members publicly support my business,” “family members are proud to be part of my business,” “family members agree with the goals, plans, and policies of my business,” “family members really care about the fate of my business” and “family members are willing to put in extra effort to help my business be successful.” Chrisman et al. (2012) used these items in their study in which the scale was based on a five-point Likert type scale, ranging from strongly agree (5) to strongly disagree (1).

For the purpose of this study, two adaptations to the seven-item scale deployed by Chrisman et al. (2012), discussed above, were deemed necessary:

1. The word “my” in the items of the existing scale was replaced with the word “our” (as the commitment was being looked at as a collective family commitment).
The existing Likert scale was expanded to a seven-point scale from a five-point scale. This was done to induce a procedural remedy for minimizing the likely effect of common method variation, as suggested by Podsakoff et al. (2003, 2012). Studies have found that the five- and seven-point scales produced the similar mean scores, once they were rescaled (Dawes, 2008).

The re-worded scales were placed to a panel of family business scholars and senior-level managers involved in family firms. Thereafter, a pilot survey was conducted with 56 participants. The respondents were split into two groups wherein the first group was provided the original scale and the second group was given the re-worded scale. A sample t-test revealed no significant difference between the responses of the two groups.

The Cronbach’s α reported for these items was 0.96 (Chrisman et al., 2012), which was superior to that reported for the original 12-item scale (0.93, Klein et al., 2005). Thus, the use of a reduced and slightly adapted scale did not appear to affect its discriminating power, since Cronbach’s α tends to rise with the number of items. Furthermore, the reduced scale also had substantial overlaps with, and a stronger α than, the seven-item scale independently validated by Holt et al. (2010). The values of Cronbach’s α suggest that this revised scale is acceptable for use in further statistical tests. Indeed, the numerous validated versions of the original commitment scale developed by Mowday et al. (1979) suggest that the measurement scale is highly robust.

4.2 Independent variables: FIBER dimensions of SEW
To measure the independent variables, the FIBER scale developed by Berrone et al. (2012) was employed. The items used in the FIBER scale were based on a five-point Likert-type scale, with the anchor points from 1 = strongly disagree to 5 = strongly agree. The 27-item scale developed by Berrone et al. (2012) to measure SEW directly was further validated by Hauck et al. (2016).

4.3 Measuring family generation in control
For measuring the moderating effect of generation in charge on the association between SEW dimensions and family commitment, this study employs procedures in previous studies to measure “generational control” (e.g. Chrisman et al., 2009; Eddleston et al., 2013; Sciascia et al., 2014), where generation in charge will be measured as a categorical dummy variable, where the founder generation in charge is assigned a value of “1,” whereas subsequent generations are assigned value “2.”

4.4 Control variables
In order to safeguard the analysis against the impact of factors other than those investigated, several control variables were used. Following previous studies (e.g. Chrisman et al., 2009, 2012; Debicki et al., 2017), control was applied for “firm size” and “age of the firm.”

5. Data analysis
The data were analyzed with the statistical software package (SPSS version 23) and partial least squares (SmartPLS version 3.2.6) for structural equation modeling. In the measurement model, convergent and discriminant validity were tested, whereas the structural models were used to test the hypothesized relationships in this research.

As the study is cross-sectional in nature, the test for common method bias was conducted through Harmon’s single-factor test (Harman, 1976). It was expected that measuring the independent and dependent variables with a seven-point and five-point Likert scale, respectively, is likely to provide some procedural remedy to the likelihood of
common method variance (Podsakoff et al., 2003, 2012). From the results, the first factor accounts for 22.358 percent of the overall variance, which shows that common method variance likely does not affect the results (Podsakoff and Organ, 1986). Furthermore, multicollinearity was not a concern either, as the highest VIF value was observed for emotional attachment and family commitment (2.181), which was below the cut-off value of 5.0 (Hair et al., 2017) and also below the conservative value of 3.3 (Dimanatopoulos and Siguaw, 2006).

The convergent validity of the measurement model was tested through the determination of average variation extracted value of \( W^{0.5} \) (Hair et al., 2017) and composite reliability value of \( W^{0.7} \) (Geffen et al., 2000). Based on the results shown in Table A1, the following two items were deleted: “binding social ties of the family (B4)” and one item related to “emotional attachment of the family (E4).”

Discriminant validity was tested through the HTMT (Heterotrait-Monotrait ratio of correlations) criterion and cross-loadings criterion. Hair et al. (2010) suggested that the HTMT value has to be in the range of 0.85–0.90, meaning that the two constructs were distinct. The constructs displayed sufficient discriminant validity.

The structural model was analyzed through bootstrapping (Chin, 1998; Hair et al., 2017) to determine the significance of the hypothesized relationships (based on \( p \)-value \(< 0.05 \) and confidence interval not straddling a zero value). Table I indicates the significant impact of all the dimensions of SEW on family commitment, except in the case of “Binding social ties on Family Commitment” (\( \beta = 0.028, p = 0.276 \)). The other four relationships indicate that the hypothesized relationships were supported wherein the effect of family control and influence on family commitment was negative and significant (\( \beta = -0.108, p = 0.008 \)). Similarly, emotional attachment of the family had a positive and significant (\( \beta = 0.257, p < 0.001 \)) on family commitment. The results also showed that both family identification (\( \beta = 0.157, p = 0.001 \)) and renewal of family bonds through dynastic succession (\( \beta = 0.417, p < 0.001 \)) had a positive and significant on family commitment.

The coefficient of determination \( R^2 \) value is 0.504 and adjusted \( R^2 \) value is 0.497, meaning that the exogenous variables explain 49.7 percent of the variation in the endogenous variable. The effect size \( f^2 \) was calculated wherein “Renewal of Family Bonds through Dynastic Succession” showed the highest value of \( f^2 = 0.185 \), indicating medium-size effect based on Cohen (1988). The predictive relevance was also calculated where the \( Q^2 \) value was 0.347, which was larger than 0, meaning that the independent constructs have a predictive relevance (Hair et al., 2011).

### 5.1 Testing for moderating effect

To test the moderating effect of generation in charge (i.e. founder generation or subsequent generation) and to compare the path weight between two generations, partial least squares multi-group analysis (PLS-MGA) (Henseler et al., 2009) was employed.

<table>
<thead>
<tr>
<th></th>
<th>( \beta )</th>
<th>SE</th>
<th>( t )-value</th>
<th>( p )-values</th>
<th>LB</th>
<th>UB</th>
<th>95%CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>B → FC</td>
<td>0.028</td>
<td>0.047</td>
<td>0.595</td>
<td>0.276</td>
<td>−0.050</td>
<td>0.106</td>
<td></td>
</tr>
<tr>
<td>E → FC</td>
<td>0.257</td>
<td>0.056</td>
<td>4.634</td>
<td>&lt; 0.001</td>
<td>0.166</td>
<td>0.348</td>
<td></td>
</tr>
<tr>
<td>F → FC</td>
<td>−0.108</td>
<td>0.044</td>
<td>2.431</td>
<td>0.008</td>
<td>−0.180</td>
<td>−0.034</td>
<td></td>
</tr>
<tr>
<td>I → FC</td>
<td>0.157</td>
<td>0.049</td>
<td>3.186</td>
<td>0.001</td>
<td>0.075</td>
<td>0.238</td>
<td></td>
</tr>
<tr>
<td>R → FC</td>
<td>0.417</td>
<td>0.047</td>
<td>8.789</td>
<td>&lt; 0.001</td>
<td>0.341</td>
<td>0.497</td>
<td></td>
</tr>
</tbody>
</table>

Notes: F: family control and influence; I: family identification; B: binding social ties of the family; E: emotional attachment; R: renewal of family bonds; FC: family commitment

| 405 | SEW and family commitment |

Table I. List of hypotheses and relative paths for model
5.1.1 Path model for founder generation. The structural model was evaluated to observe the impact of founder generation on the relationships between FIBER components of SEW and family commitment. Table II shows the results of the bootstrapping (Chin, 1998). Results indicate that only two paths are significant: “effect of emotional attachment of family on family commitment” ($\beta = 0.263, p = 0.005$), and “effect of renewal of family bonds through dynastic succession on family commitment” ($\beta = 0.308, p < 0.001$).

Table III shows the results of bootstrapping for the path model with subsequent generation in control. The results indicate that all the paths are significant, except for “effect of family control & influence on family commitment” ($\beta = -0.061, p = 0.165$).

In the multi-group comparison, differences in path coefficients between sub-samples are interpreted as moderating effects. The moderating effect was tested using a $t$-test with pooled standard errors. This method is described as a parametric approach wherein differences between the paths estimators are tested for significance with a $t$-test (Chin, 2000). Table IV shows the path model comparisons.

The results of model comparison for latent variables constraint showed that only two paths, “relationship between binding social ties of the family with family commitment”

<table>
<thead>
<tr>
<th>Path</th>
<th>$\beta$</th>
<th>SE</th>
<th>$t$-value</th>
<th>$p$-value</th>
<th>95%CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>B $\rightarrow$ FC</td>
<td>-0.264</td>
<td>0.151</td>
<td>1.747</td>
<td>0.081</td>
<td>-0.368 0.156</td>
</tr>
<tr>
<td>E $\rightarrow$ FC</td>
<td>0.263</td>
<td>0.083</td>
<td>2.835</td>
<td>0.005</td>
<td>0.134 0.477</td>
</tr>
<tr>
<td>F $\rightarrow$ FC</td>
<td>-0.099</td>
<td>0.16</td>
<td>0.62</td>
<td>0.535</td>
<td>-0.410 0.147</td>
</tr>
<tr>
<td>I $\rightarrow$ FC</td>
<td>0.032</td>
<td>0.081</td>
<td>0.398</td>
<td>0.691</td>
<td>-0.073 0.238</td>
</tr>
<tr>
<td>R $\rightarrow$ FC</td>
<td>0.308</td>
<td>0.086</td>
<td>3.585</td>
<td>&lt; 0.001</td>
<td>0.124 0.439</td>
</tr>
</tbody>
</table>

Notes: F: family control and influence; I: family identification; B: binding social ties of the family; E: emotional attachment; R: renewal of family bonds; FC: family commitment

<table>
<thead>
<tr>
<th>Path</th>
<th>$\beta$</th>
<th>SE</th>
<th>$t$-value</th>
<th>$p$-value</th>
<th>95%CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>B $\rightarrow$ FC</td>
<td>0.182</td>
<td>0.056</td>
<td>3.266</td>
<td>0.001</td>
<td>0.079 0.287</td>
</tr>
<tr>
<td>E $\rightarrow$ FC</td>
<td>0.185</td>
<td>0.063</td>
<td>2.959</td>
<td>0.003</td>
<td>0.066 0.307</td>
</tr>
<tr>
<td>F $\rightarrow$ FC</td>
<td>-0.061</td>
<td>0.044</td>
<td>1.392</td>
<td>0.165</td>
<td>-0.143 0.022</td>
</tr>
<tr>
<td>I $\rightarrow$ FC</td>
<td>0.234</td>
<td>0.056</td>
<td>4.211</td>
<td>&lt; 0.001</td>
<td>0.123 0.335</td>
</tr>
<tr>
<td>R $\rightarrow$ FC</td>
<td>0.397</td>
<td>0.051</td>
<td>7.716</td>
<td>&lt; 0.001</td>
<td>0.300 0.507</td>
</tr>
</tbody>
</table>

Notes: F: family control and influence; I: family identification; B: binding social ties of the family; E: emotional attachment; R: renewal of family bonds; FC: family commitment

<table>
<thead>
<tr>
<th>Path</th>
<th>Path coefficients diff. (founder – next)</th>
<th>$t$-value</th>
<th>$p$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>B $\rightarrow$ FC</td>
<td>0.446</td>
<td>3.281</td>
<td>0.001</td>
</tr>
<tr>
<td>E $\rightarrow$ FC</td>
<td>0.078</td>
<td>0.733</td>
<td>0.464</td>
</tr>
<tr>
<td>F $\rightarrow$ FC</td>
<td>0.038</td>
<td>0.285</td>
<td>0.776</td>
</tr>
<tr>
<td>I $\rightarrow$ FC</td>
<td>0.202</td>
<td>2.167</td>
<td>0.031</td>
</tr>
<tr>
<td>R $\rightarrow$ FC</td>
<td>0.089</td>
<td>0.98</td>
<td>0.238</td>
</tr>
</tbody>
</table>

Notes: F: family control and influence; I: family identification; B: binding social ties of the family; E: emotional attachment; R: renewal of family bonds; FC: family commitment
(β = 0.046, p = 0.001) and the “relationship between family identification with family commitment” (β = 0.202, p = 0.031), were significantly different between the founder generation and subsequent generation.

6. Discussions

The primary aim of this study has been to understand how the individual FIBER components of SEW impact family commitment to the family firm, and to test whether the strengths of such relationships depend on the generation of family firm owners in control (i.e., whether the relationships are stronger when founders of the family firm or subsequent generation are in control). The results of the data analysis reveal that without considering any moderating effect of generation, four out of five FIBER dimensions of SEW (i.e., F, I, E and R) have a significant impact on family commitment. In other words, family control and influence, identification of family with the firm, emotional attachment of the family members and renewal of bonds through dynastic succession significantly impact family commitment. The only exception is binding social ties of the family, which does not appear to have a statistically significant effect on family commitment.

The above findings are somewhat similar to the findings by Hauck et al. (2016) who conducted an empirical validation of the FIBER scale using data from 216 medium-sized Austrian and German private family firms, where they studied the effect of FIBER components of firm performance. The authors found that only R, E and I components were statistically significant in their impact on firm performance. In the current study, the dependent variable is family commitment instead of firm performance. Therefore, the findings are not expected to be identical. Nevertheless, the results indicate that unlike Hauck et al.’s (2016) findings, F (family control and influence) was found to be significant in its association with family commitment, whereas B (binding social ties of the family) was found to be non-significant, which was also the case with Hauck et al.’s findings. One of the reasons alluded to by Hauck and colleagues was that contextual factors that capture perceptions and behaviors of family firm owners through the same items of the scale may vary between cultures and institutional settings. In fact, for owners of apparel manufacturers in Bangladesh, family commitment may not be impacted by binding social ties of the firm owners, as such a feature has more to do with interaction with external stakeholders of the firm, rather than having any impact on collective internal family behavior.

When the moderating effect of family controlling generation is considered, the picture appears to be different. The results indicate that when the founder generation is in control of management, only E (emotional attachment) and R (renewal of family bonds through dynastic succession) seem to have a statistically significant relationship with family commitment. The other three components of SEW, F (family control and influence), B (binding social ties) and I (identification of the family with the firm), are all non-significant in their association with family commitment. However, in the case of family firms being under control of subsequent generation of family members, all the paths are significant, except in the case of F (family control and influence), mirroring to some extent the findings of Hauck et al. (2016).

In the final tally, when the difference in the coefficients of the paths of both founder and subsequent generations is examined, the sample t-test reveals that B (binding social ties) and I (identification of the family with the firm) are significantly related to family commitment, whereas the other three dimensions of SEW appear to lack statistical significance in their impact on family commitment. In other words, generation in control not only significantly moderates the impact of binding social ties and identification of the family with the firm on family commitment, but both path coefficients were also higher among subsequent generation compared to the founder generation.
The above findings may have important implications for theory building. Past empirical studies have shown inconsistencies in the relationships between family-centric goals, firm-centric behavior and outcomes (Chua et al., 2012; O’Boyle et al., 2012). The fact that this study examined the individual FIBER components of SEW, and discerned the differences between the significance of associations between the founder and subsequent generations of family managers, may have theoretical value. The results indicate that only in the case of two components of SEW (binding social ties and identification of family), there was a significant difference between founder and subsequent generation. From a theoretical standpoint, this implies that clustering SEW into a single monolithic construct may have been a serious impediment in the process of developing a theory that enables consistency in predicting links between goals, behavior and outcome in the context of family-owned businesses. Furthermore, the role of generational control as a contingency variable may not be applicable to each and every dimension of SEW, which means that theory building efforts will need to take this matter into cognizance in future studies.

The findings of this study also have practical significance, because it indicates that when the salience of next generation of family managers is assigned to binding social ties and identification of the family with the firm, the level of collective family commitment to the firm is expected to be high. Family firm leaders who struggle to keep their next generation of family members engaged in their firm can tailor their succession plans to incorporate guidelines that ensure that the subsequent generation of family members can derive benefit of binding social ties and identification with the family firms to leverage benefits that are advantageous to themselves as individuals and as members of the family coalition.

6.1 Limitations and future directions

This study possibly suffers from several limitations. First, despite efforts to embed procedural remedies to mitigate possibilities of common method variance, as suggested by Podsakoff et al. (2003), due to the cross-sectional nature of the study, the possibility of common method bias cannot be completely precluded. Second, the data input from respondents in the survey instrument was obtained from a single key informant from each firm, with the assumption that the participant’s views reflect the collective view of the other family members of their respective firms. Such an assumption may not always be solidly grounded, and a more dependable approach would be to collect data from multiple individuals from each organization and to cross-match their inputs. However, in reality, such an approach is quite challenging while surveying private family firms, especially when other family members are aware that a dominant member of the family has already responded to such a survey. Nevertheless, it may be possible for future researchers to obtain data from more than one individual in the organization and to even apply procedural remedies for common method bias (Podsakoff et al., 2003, 2012) by collecting data on independent variables from one respondent and on the dependent variable from a different respondent. Additionally, it would be more interesting to see how the responses of the participants change over time by engaging in a longitudinal study.

6.2 Conclusion

The study has attempted to provide a more nuanced view of how family-centric non-economic goals such as SEW impact the collective willingness of the family business owners to commit resources, time and effort to the business enterprise. Furthermore, the study reveals that it does matter whether the founders of the family firm or their subsequent generation of family members are in control of the firm. However, the difference between the strengths of association between SEW goals and family commitment also depends on which of the dimensions of SEW are being looked at.
Particularly two FIBER dimensions of SEW standout when generation is applied as moderator: binding social ties and identification of the family with the firm. It is interesting to note that when the subsequent generation is in charge of management, the effect of binding social ties on family commitment becomes significant and strong, whereas without the moderator, the effect is found to be insignificant. A possible explanation for such an observation is that as the number of family members grows, the social networks of the family spread out further, and such expanded networks tend to bring benefits to the individual, the family and the firm. Some benefits may be derived from connections with a larger customer base, thus bringing in more market share and enhanced revenues to the firm. Similarly, binding ties may also include more supportive relationships with suppliers and financiers, which may open up scope for longer credit terms and financial support to the company on softer terms.

Similar to binding social ties, identification of the family with a successful family business enhances the reputation of the family name, which the subsequent generation of family members can leverage on to create synergy between personal gains to themselves and their family enterprise. This would automatically signal to the owners that higher levels of family identification with the firm and commitment to the firm go hand in hand to enhance the brand value of the family name as well as the business organization. In fact, the results lead to the conclusion that if the founders of the family enterprise desire to see their subsequent generation of family members engaged and committed to the family firm, they need to devise strategies that enable their potential successors to develop social networks through the firm’s stakeholders as well as create a sense of pride among family members to identify themselves with the firm’s name and business activities.

References


Further reading

Appendix

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Initial model Loading</th>
<th>Modified model Loading</th>
<th>Cronbach’s α</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binding social ties of the family</td>
<td>B1</td>
<td>0.787</td>
<td>0.800</td>
<td>0.830</td>
<td>0.886</td>
<td>0.660</td>
</tr>
<tr>
<td></td>
<td>B2</td>
<td>0.766</td>
<td>0.775</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B3</td>
<td>0.825</td>
<td>0.829</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B4</td>
<td>0.412 Deleted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B5</td>
<td>0.835</td>
<td>0.844</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional attachment of the family</td>
<td>E1</td>
<td>0.715</td>
<td>0.728</td>
<td>0.871</td>
<td>0.906</td>
<td>0.660</td>
</tr>
<tr>
<td></td>
<td>E2</td>
<td>0.812</td>
<td>0.809</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E3</td>
<td>0.831</td>
<td>0.841</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E4</td>
<td>0.479 Deleted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E5</td>
<td>0.807</td>
<td>0.825</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E6</td>
<td>0.834</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family control and influence</td>
<td>F1</td>
<td>0.785</td>
<td>0.785</td>
<td>0.882</td>
<td>0.910</td>
<td>0.628</td>
</tr>
<tr>
<td></td>
<td>F2</td>
<td>0.820</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F3</td>
<td>0.759</td>
<td>0.759</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F4</td>
<td>0.824</td>
<td>0.824</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F5</td>
<td>0.761</td>
<td>0.760</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F6</td>
<td>0.802</td>
<td>0.801</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family identification</td>
<td>I1</td>
<td>0.703</td>
<td>0.703</td>
<td>0.835</td>
<td>0.879</td>
<td>0.548</td>
</tr>
<tr>
<td></td>
<td>I2</td>
<td>0.749</td>
<td>0.749</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I3</td>
<td>0.722</td>
<td>0.722</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I4</td>
<td>0.887</td>
<td>0.887</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I5</td>
<td>0.816</td>
<td>0.816</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I6</td>
<td>0.757</td>
<td>0.757</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewal of family bonds through</td>
<td>R1</td>
<td>0.806</td>
<td>0.806</td>
<td>0.855</td>
<td>0.902</td>
<td>0.698</td>
</tr>
<tr>
<td>dynastic succession</td>
<td>R2</td>
<td>0.809</td>
<td>0.809</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R3</td>
<td>0.863</td>
<td>0.863</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R4</td>
<td>0.861</td>
<td>0.861</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table A1. Results of test for convergent validity and reliability

Corresponding author
Mohammad Rezaur Razzak can be contacted at: rezaur25@gmail.com

For instructions on how to order reprints of this article, please visit our website:
www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Gender and business owner satisfaction

The case of farm and non-farm family businesses in the Midwest

Wenxuan Li and Maria I. Marshall

Department of Agricultural Economics, Purdue University, West Lafayette, Indiana, USA

Abstract

Purpose – The purpose of this paper is to investigate how the factors associated with role satisfaction in farm and non-farm family businesses differ by gender of the business owner.

Design/methodology/approach – The data used are from a 30-minute telephone survey of owners of farm and non-farm family businesses in Indiana, Illinois, Michigan and Ohio. The sample consists of 627 small- and medium-size family businesses. Three ordered probit regressions are used to analyze role satisfaction.

Findings – Women’s participation in management and the number of family members in management are positively associated with women’s role satisfaction, while tension from resource competition is negatively associated with role satisfaction. In contrast, men’s role satisfaction is increased through high family business functioning and profit.

Practical implications – There is no difference in the level of role satisfaction between men and women when one controls for the owner, family and business characteristics. However, there is a difference in the factors that drive role satisfaction between men and women. This may be driven, in part, by what their roles are vis-à-vis the financial aspects of the business. Male and female business owners seem to focus on different aspects of their family business to achieve role satisfaction.

Originality/value – This paper determines the impact of gender on the role satisfaction of business owners of farm and non-farm family businesses in four Midwestern states. It identifies the different factors associated with role satisfaction for female and male family business owners based on their actual roles.

Keywords Family business, Gender, Success, Farm, Owner satisfaction

Paper type Research paper

Introduction

For family business owners, satisfaction is one of the fundamental measurements of success (Cooper and Artz, 1999). Family business researchers have determined that success can be measured with objective measures such as financial performance or subjective measures such as perceived success (Stafford et al., 1999; Danes et al., 2008). In fact, Mahto et al. (2010) found that family members’ satisfaction with firm performance is a better measure of performance than financial measurement. Determining whether business owners are satisfied is important in assessing their goals and expectations and ultimately their success.

Evaluation of the level of satisfaction is an important component of decision making about whether business owners should invest more time and money into the business (Cooper and Artz, 1999). Business owners may make better decisions when planning for the future of the business if they have a clear understanding of their own role satisfaction. To better assess satisfaction of individual entrepreneurs, researchers have worked to develop measurements or determinants for satisfaction. Michalos’ (2003) discrepancy theory states that the gap between an individual’s goals or expectations and actual experiences determines his or her satisfaction. In their extensive research on satisfaction, Cooper and
Artz (1999) examine how determinants such as goals, expectations, age, gender and race affect the satisfaction of entrepreneurs. They suggest that the impact of gender on individual perceptions provides evidence that there are differences between men and women in levels of job satisfaction, commitment and motivation. Previous literature suggests that male and female owners might have different levels of satisfaction, even after controlling for profits. These differences are important to understand not only as women’s ownership of small businesses increases but also as their contribution to total revenues generated by family businesses increases (Bird and Sapp, 2009).

According to the 2012 Survey of Business Owners (US Census Bureau, 2012), roughly, 30 percent of firms are jointly owned and equally operated by spouses. Another 31 percent were jointly owned but primarily operated by the male spouse and 11 percent were jointly owned but primarily operated by the female spouse. In agriculture, 14 percent of US farms have women as the principal operator (USDA, 2012). Bianco et al. (2015) point out that it is more common to find family-affiliated women on the boards of companies that are small, have concentrated ownership and in the consumer sector. As women-owned businesses become more prevalent, there is increasing need for researchers to focus on the development and management of women-owned family businesses. Harveston et al. (1997) mention that the rising number of women-owned businesses should increase the focus of research on the role of gender in family businesses. Yet, Danes et al. (2007) wrote that not much work had been done to look into the impact of gender on family businesses. Moreover, there is scant literature focused on gender and gender roles in the management of farm and non-farm family businesses.

Farm family businesses tend to suffer from sex segregation similar to what has been shown in the American harness racing industry (Larsen, 2006; Seuneke and Bock, 2015). In family farms, traditional roles (particularly in copreneurial[1] businesses) have been divided between production and finance (Seuneke and Bock, 2015). Traditional gendered roles consisted of women typically managing farm finances (except for marketing grain) and men typically managing the more physical aspects of the farm operation. In some cases, couples have been co-owners of the farm business, but the wives have worked off-farm to provide health insurance for the family (Prager, 2016). It is because of these traditional gendered positions that we study the impact of gender in determining owner role satisfaction in farm and non-farm family businesses. Do these traditional gender roles affect owner role satisfaction? Moreover, is the role satisfaction of men and women affected by different factors? This paper’s contribution to the literature is twofold. First, this paper determines the impact of gender on the role satisfaction of business owners of farm and non-farm family businesses in four Midwestern states (Illinois, Indiana, Michigan and Ohio). Second, it identifies the different factors associated with role satisfaction for female and male family business owners based on the actual roles they are assuming.

Theoretical framework
The Bivalent Attributes Model (Tagiuri and Davis, 1996) of family business is adopted for this study as the theoretical framework. This seminal work is used to understand the dynamics of family businesses and how both the family and business systems interact with individuals’ role satisfaction. Figure 1 is a representation of the model, displaying how the three circles interact with one another. The overlapping parts capture many distinct features of family businesses and of their owners, managers and employees and family members. The overlapping areas in the model demonstrate how role satisfaction would be affected.

The circles of owners, managers and employees and family members overlap, and the overlapping areas are the cases when individuals have more than one role in the family business. The owners of the business could be the grandparents and parents, the business’ accountant might be one of the spouses and an employee may be their child or non-family member. Having simultaneous roles would have both positive and negative impacts...
on decision making for the business (Tagiuri and Davis, 1996; Danes and Lee, 2004; Schulze et al., 2001; Lumpkin et al., 2008). For instance, in a farm family business where the parent is the primary operator, they would find it easier to communicate with the managers of the business, who might be their children or relatives. In addition, because they are familiar with the situation of the family, they would be able to make decisions that are both beneficial to the business and the family.

Tagiuri and Davis (1996) do point out that having simultaneous roles may generate conflicts when the primary goals of the family and the business are not the same. An example would be seeking harmony within the family but seeking healthy competition within the firm. Possible conflicts might arise from many sources, one of which is the resource competition between the family and the firm (Zellweger, 2017). If the owner is also a family member, balancing the resources would always be a tough decision, and thus their satisfaction toward their roles in the business would decrease. An unclear boundary between the family and the business would also cause role satisfaction to decrease.

Tagiuri and Davis (1996) mention that it is possible for individuals in the family business to have an argument about the business that instigates conflict in the family.

Previous literature
Satisfaction serves as an important measurement of individuals’ well-being and performance. Mahto et al. (2010) stress that when evaluating firm performance in family businesses, the focus should be on the satisfaction that family members have for the business because family businesses tend to pay more attention to non-economic goals rather than economic goals. There is a considerable amount of research in industrial and organizational psychology that investigate measurement of satisfaction. According to Michalos’ study, satisfaction is positively related to job satisfaction, health, and satisfaction with family relationships.

“Gap-theoretical explanations” are introduced by Michalos (2003) to better explain satisfaction. For instance, he states that there is a perceived gap between what one actually has and what one wants to have, or as he calls it “goal-achievement gap theory.” Mahto et al. (2010)
point out that the family’s satisfaction with firm performance reflects whether achieved performance meets the family’s performance goals, which is an identical expression of the goal-achievement gap theory. Another gap that relates to satisfaction is what one actually has and what is ideal, called “ideal-real gap theory.” In a farming family business setting, if there is a gap between the owner’s expected profit and the actual profit, then it is less likely that the owner will feel satisfied. Michalos’ theoretical work suggests that individuals’ perception and satisfaction toward their roles in the business are worth discussing.

Other researchers have investigated determinants of satisfaction for entrepreneurs. Cooper and Artz (1999) studied the determinants of satisfaction by examining the entrepreneur’s initial goals, the entrepreneur’s expectation and demographic factors that influence satisfaction. They applied goal-achievement gap theory and expectation-reality gap theory to the first two determinants on their list, respectively, to evaluate them as determinants that influence satisfaction. The research indicates that those who value non-economic goals more have higher levels of satisfaction compared to more economically oriented individuals (Cooper and Artz, 1999). They also find that the higher the expectation that entrepreneurs have, the less satisfaction they gain from the performance of their businesses. Weigel et al. (1987) conclude that when there are two or more generations of the family involved in the business, the younger generation tends to feel less satisfied than the older generation. The senior or founding generation are more satisfied because they have different resources and greater power. Therefore, one could argue that generation could be a determinant of satisfaction among family businesses.

Adams et al. (1996) also find that the relationship between family and work can have an important effect on role satisfaction. They also conclude from previous models that work–family conflict arises when demands of participation in one domain are incompatible with demands of participation in other domain (Adams et al., 1996). When an individual spends too much time on the business while neglecting responsibilities at home, work–family conflict can be generated (Poza, 2010). Furthermore, a lack of boundaries between the family and the business can lead to conflicts among family members. It is more likely for owners to be influenced by work–family conflict when they do not make a clear boundary between work and family resources (Distelberg and Blow, 2011). Examination of boundaries within family businesses captures the clarity of one’s allocation of resources, such as time, investment, materials, at work and at home. If the owner or other family members involved in the business do not separate the resources for work and for family clearly enough, conflicts may arise on the allocation of those resources.

Gender difference in satisfaction. Several studies finding that women and men view satisfaction with their businesses differently (Scandura and Lankau, 1997; Danes and Olson, 2003; Lee et al., 2006). Scandura and Lankau (1997) conclude that women may be more committed and satisfied with work when they perceive that their organization offers policies that are consistent with family roles because women have typically retained primary responsibility for home and family duties. Lee et al. (2006) conclude that achieving family goals, having less competition between family and business resources and having a lower education level all positively contribute to perceived well-being, which could be interpreted as level of satisfaction. Philbrick and Fitzgerald (2007) found that resources were very important to women business owners.

On the other hand, men may obtain satisfaction toward their job from other parts of the work. Research evidence indicates that women business owners have a higher probability of being satisfied than men, and the reason behind that might be the fact that women tend to have lower initial expectations for their businesses (Cooper and Artz, 1999). This is consistent with gap theory, which captures the gap between one’s initial expectation and reality. Cooper and Artz describe a situation where a female would have a relatively small gap because they have lower expectation. Rice et al. (1980) conducted empirical research relating satisfaction with
work to satisfaction with other areas of life and they found that job satisfaction is more strongly related to life satisfaction for males than for females. Calvo-Salgueiro et al. (2010) stated that women are revealed to have a lower level of job satisfaction than men. However, Collins-Dodd et al. (2004) claimed that neither satisfaction with gross revenue dollars nor actual satisfaction with business owners’ practice differed significantly by gender.

After reviewing the literature, we hypothesize that:

**H1.** Women will have a higher level of role satisfaction than men.

**H2.** The factors associated with role satisfaction (such as family functioning, resource distribution and workload distribution) will differ by gender.

**Data and methods**

The data used are from the 2012 Intergenerational Farm and Non-Farm Family Business Survey. The 2012 Intergenerational Farm and Non-Farm Family Business Survey was a 30-minute telephone survey of small and medium family business owners. The sample consists of a convenience sample of 2,087 small- and medium-sized farms from Illinois, Indiana, Michigan and Ohio; and a random sample of 1,059 small Indiana food businesses registered in Food Industry MarketMaker. Registered members of Food Industry MarketMaker tend to be small and medium-sized agriculture and food businesses (Veldstra et al., 2014). The interviews were conducted by the University of Wisconsin Survey Center from April 2011–February 2012. The final sample fielded by the University of Wisconsin Survey Center consisted of 3,156 cases. Cases with no contact information were removed leading to 2,163 viable cases. The response rate was 34 percent.

The 2012 Intergenerational Farm and Non-Farm Family Business Survey data set contains 736 family businesses. To qualify for the study as a family business, one of the following metrics had to be met. At least one other member of the family besides the respondent had to have ownership interest in the business (86 percent of the sample). At least one other member of the family besides the respondent had to work at least part-time in the business (92 percent of the sample). The respondent inherited the business (18 percent of the sample). The respondent planned to transfer the business to a family member (55 percent of the sample). After culling for non-responses to the variables of interest, the final sample for this article consists of 627 observations.

**Empirical model**

An ordered probit model using STATA 15 was employed to analyze the effect of gender on role satisfaction. Level of satisfaction that owners have with their roles (role satisfaction) in the businesses was the dependent variable. Role satisfaction was measured on a scale of 0 through 2, with no or low satisfaction scored as 0, very satisfied scored as 1 and extremely satisfied scored as 2. Role satisfaction is a function of owner demographics, the role that women play in the family business, the tensions experienced in the business and business characteristics. The model is as follows:

$$
\text{Role Satisfaction}^* = \beta_0 + \beta_1 \text{Owner Demographics}_i + \beta_2 \text{Business Role}_i + \beta_3 \text{FB Tensions}_i + \beta_4 \text{Business Characteristics}_i + \epsilon.
$$

What one observes is:

(1) $\text{Role Satisfaction} = 0$ if $\text{Role Satisfaction}^* \leq 0$;

(2) $\text{Role Satisfaction} = 1$ if $0 < \text{Role Satisfaction}^* \leq \mu_1$; and

(3) $\text{Role Satisfaction} = 2$ if $\mu_1 < \text{Role Satisfaction}^* \leq \mu_2$. 
Variables and descriptive statistics

Variable definitions and descriptive statistics are shown in Table I. \( t \)-tests and \( \chi^2 \) tests were conducted to compare female and male business owners. In total, 60 percent of the survey participants were male primary operators of family businesses and 39 percent of them were female primary operators. Of all, 68 percent of the sample were farm businesses.

Age, education and generation were included as owner characteristics. Women were more likely, compared to men, to be first generation owners. Men were more likely to have a high school degree or less compared to women. Women, on the other hand, were more likely than men to have some college education, but less likely to have a graduate degree.

The work that women do in the family business was included to account for whether or not gender plays a part in types of roles that women play in the business. During the survey,

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Women ((n = 247)) Mean</th>
<th>SD</th>
<th>Men ((n = 380)) Mean</th>
<th>SD</th>
<th>( t/\chi^2 ) test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role satisfaction</td>
<td>Range 0–2: 0 = not or somewhat satisfied, 2 = extremely satisfied</td>
<td>1.14</td>
<td>0.69</td>
<td>1.10</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td><strong>Owner characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>Continuous</td>
<td>55.20</td>
<td>11.07</td>
<td>56.49</td>
<td>13.20</td>
<td>***</td>
</tr>
<tr>
<td>First generation owner</td>
<td>1 if yes, 0 otherwise</td>
<td>0.79</td>
<td>0.41</td>
<td>0.66</td>
<td>0.48</td>
<td>***</td>
</tr>
<tr>
<td>High school education or less</td>
<td>1 if yes, 0 otherwise</td>
<td>0.17</td>
<td>0.38</td>
<td>0.24</td>
<td>0.43</td>
<td>**</td>
</tr>
<tr>
<td>Some college</td>
<td>1 if yes, 0 otherwise</td>
<td>0.36</td>
<td>0.48</td>
<td>0.23</td>
<td>0.42</td>
<td>***</td>
</tr>
<tr>
<td>College degree</td>
<td>1 if yes, 0 otherwise</td>
<td>0.32</td>
<td>0.47</td>
<td>0.31</td>
<td>0.46</td>
<td>***</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>1 if yes, 0 otherwise</td>
<td>0.15</td>
<td>0.36</td>
<td>0.21</td>
<td>0.41</td>
<td>*</td>
</tr>
<tr>
<td><strong>Women’s role in business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does accounting</td>
<td>Range 1–5: 1 = none, 5 = all</td>
<td>4.19</td>
<td>1.08</td>
<td>2.56</td>
<td>1.37</td>
<td>***</td>
</tr>
<tr>
<td>Does physical labor</td>
<td>Range 1–5: 1 = none, 5 = all</td>
<td>3.17</td>
<td>0.90</td>
<td>2.34</td>
<td>0.82</td>
<td>***</td>
</tr>
<tr>
<td>Participates in management</td>
<td>Range 1–5: 1 = none, 5 = all</td>
<td>3.70</td>
<td>0.95</td>
<td>2.58</td>
<td>1.03</td>
<td>***</td>
</tr>
<tr>
<td><strong>Family business tensions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family business functioning</td>
<td>Scale 1–14</td>
<td>9.32</td>
<td>2.23</td>
<td>9.09</td>
<td>2.39</td>
<td></td>
</tr>
<tr>
<td>Conflict tension</td>
<td>Range 0–3: 0 = none at all, 2 = large amount</td>
<td>0.60</td>
<td>0.76</td>
<td>0.63</td>
<td>0.74</td>
<td></td>
</tr>
<tr>
<td>Workload distribution tension</td>
<td>Range 0–3: 0 = none at all, 2 = large amount</td>
<td>0.97</td>
<td>0.79</td>
<td>0.80</td>
<td>0.77</td>
<td>***</td>
</tr>
<tr>
<td>Resource competition tension</td>
<td>Range 0–3: 0 = none at all, 2 = large amount</td>
<td>0.45</td>
<td>0.69</td>
<td>0.64</td>
<td>0.75</td>
<td>***</td>
</tr>
<tr>
<td>Family/business boundary</td>
<td>Range 1–4: 1 = not at all, 4 = large amount</td>
<td>2.57</td>
<td>1.11</td>
<td>2.53</td>
<td>1.07</td>
<td></td>
</tr>
<tr>
<td><strong>Business characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm</td>
<td>1 if yes, 0 otherwise</td>
<td>0.68</td>
<td>0.47</td>
<td>0.69</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Copreneur</td>
<td>1 if yes, 0 otherwise</td>
<td>0.75</td>
<td>0.43</td>
<td>0.61</td>
<td>0.49</td>
<td>***</td>
</tr>
<tr>
<td>Profit ( &gt; $50,000 )</td>
<td>1 if yes, 0 otherwise</td>
<td>0.52</td>
<td>0.50</td>
<td>0.60</td>
<td>0.49</td>
<td>**</td>
</tr>
<tr>
<td>Family in management</td>
<td>Continuous</td>
<td>2.29</td>
<td>1.12</td>
<td>2.24</td>
<td>1.62</td>
<td></td>
</tr>
<tr>
<td>Age of business</td>
<td>Continuous</td>
<td>23.20</td>
<td>23.67</td>
<td>29.79</td>
<td>27.46</td>
<td>***</td>
</tr>
<tr>
<td>Owner perceived success</td>
<td>1 if yes, 0 otherwise</td>
<td>0.31</td>
<td>0.46</td>
<td>0.30</td>
<td>0.46</td>
<td></td>
</tr>
</tbody>
</table>

Notes: *\( p < 0.10 \); **\( p < 0.05 \); ***\( p < 0.01 \)
questions such as “how much accounting work and management work are done by female members of the business” were asked. There are statistically significant differences between men and women in the roles that women play in the family business. Women did more accounting and physical labor and participated more in management when a woman was the principle operator compared to when a man was the principle operator.

In a family business, the family and the business are constantly competing for limited resources. A scale was used that measures family business functioning from a variety of viewpoints (Wiatt and Marshall, 2017). It holistically incorporates family and business functionality into one assessment. The four questions included in the scale were modeled after Smilkstein’s (1978) family APGAR (adaptability, partnership, growth, affection and resolve) and work APGAR assessments.

Tension in the family business can come from different sources such as failing to resolve conflicts, distribution of workload, resource competition and defining clear boundaries between the business and the family, and these sources were included in the model. There are statistically significant differences in the types of tensions experienced by men and women. Women were more likely to experience tension from workload distribution compared to men, but less likely to experience tension from resource competition between the family and the business. Respondents were also asked if they had policies in place to provide boundaries between the family and the business. Responses could range from 1 not at all to 5 an extreme amount. Responses 4 and 5 were combined into 4 (a large amount) because of a lack of respondents in category 5.

The model also includes a set of variables to control for business characteristics. Women were statistically more likely to be part of a copreneurial business (75 percent) than men (61 percent) were. In fact, 68 percent of the total sample were copreneurs. Men tended to have higher profit businesses and older businesses compared to women. However, there are no statistical differences of owners’ perceived success based on gender.

Results
Table II reports the coefficients, standard errors and \( p \)-values for the ordered probit models analyzing role satisfaction. Three ordered probit models are conducted: for the entire sample, for women and for men. Table III reports the marginal effect by gender for outcome 2 (being extremely satisfied with one’s role in the business).

Hypotheses
Gender was not statistically significant in the model that included the entire sample. Therefore, \( H1 \) is rejected. However, \( H2 \) is not rejected. The factors that are associated with women’s role satisfaction are different from the factors that are associated with the role satisfaction of men. The results show that owners’ satisfaction with their role in the family business is affected by the role they play in the family business, family business tensions and business characteristics and those effects differ by gender.

Role satisfaction for women business owners
Women’s role in the family business was only statistically significant in the female-only model. If women participate in management then women are more likely to be satisfied with their role. In fact, the more a woman participates in management increases the probability that she is extremely satisfied with their role in the family business by 6 percent. Tension from resource competition is negative and statistically significant for women. If tension from resource competition increases, then the probability that women will be extremely satisfied with their role in the family business decreases by 15 percent.
The number of family members in management is positive and statistically significant for women owners. For every family member added to management, the probability that women will be extremely satisfied with their role increases by 5 percent. Owner perceived success is positive and statistically significant. The probability that women will be extremely satisfied with their role in the family business increases by 15 percent as their perception of business success increases.

Role satisfaction for male business owners

Owner characteristics are only statistically significant in the male-only model. Age is negatively associated with male role satisfaction. For every ten-year increase in age the probability that men will be extremely satisfied with their role in the family business decreases by 4 percent. Holding a graduate degree was positively associated with male role satisfaction. Men who have a graduate degree are 0.9 percent more likely to be extremely satisfied with their role than those with a high school degree or less.

Family business functioning is positive and statistically significant for men. An increased level of family business functioning is associated with higher levels of role satisfaction for men. For every one-unit increase in family business functioning, the probability that men will be extremely satisfied increases by 5 percent. Tension from workload distribution is negative and statistically significant for men. For men, as tension
from workload distribution increases the probability that they will be extremely satisfied decreases by 6 percent.

In the male business owner model, farm is negative and statistically significant. Male farmers are 8 percent less likely to be extremely satisfied with their role in the family business compared to non-farmers. High profit (profit over $50,000) is positive and statistically significant. Male owners with high-profit businesses are 9 percent more likely to be extremely satisfied than are low profit male owners. Owner perceived success is positive and statistically significant. The probability that men will be extremely satisfied with their role in the family business increases by 12 percent as their perception of business success increases.

**Discussion**

Tension and conflict within a family business seem to be important indicators of role satisfaction for both men and women. However, the conflict and tensions that affect their role satisfaction come from different sources. Olson *et al.* (2003) point out that the effect of the family on the business is significant. That is, within a family business, interactions between the family and the business impact performance. The boundaries set within the family business impacted business owner satisfaction. For instance, male owners care more about tension from workload distribution while female owners care more about tension from competing resources between the family and the business. The result coincides with what Phillbrick and Fitzgerald (2007) point out: the resources available for the business or for the household are very important to women business owners. Due to the more traditional roles played by women, particularly in agriculture, they may more keenly perceive a lack of equitable distribution of resources between the family and the business. This tension may be impacted by men having different information than women because of their roles, so
women feel tension because they do not see the same resource picture as the men. Greater competition between family and business resources can result in lower perceived well-being for female owners and managers because conflict arises from the competition (Lee et al., 2006; Ruiz Castro, 2012).

Female owners have different levels of role satisfaction compared to male owners based on different aspects of the family business (McDonald et al., 2017). The amount of management work done by female members is shown to increase the level of satisfaction that female owners have. This implies that when women are fully engaged in management of the business they have increased levels of role satisfaction. Female owners are more likely to have higher role satisfaction when there are more family members working in the business. Keeping the business within the family by having more family employees increased role satisfaction for women owners. In fact, 20 percent of female business owners in our study stated that their most important business goal was keeping the business in the family or the opportunity to work with family.

Owner perceived success is positive and statistically significant for both men and women. Previous literature suggests that female owners or managers perceive their business as more successful than male managers do (Lee et al., 2010). Furthermore, Lee et al. (2006) state that female owners who report having a successful business development process tend to have higher perceived well-being. The results of this study show that perceiving the business as successful is positively correlated with role satisfaction for both men and women. However, men with high-profit businesses had increased role satisfaction but profit was not a statistically significant factor in women’s role satisfaction. The results can be interpreted to imply that increased interpersonal satisfaction and better performance may spill over to increased role satisfaction for men.

There is no difference in the level of role satisfaction between men and women when one controls for the owner, family, and business characteristics. However, there is a difference in the factors that drive role satisfaction between men and women. In addition, this may be driven, in part, by what their roles are vis-à-vis the financial aspects of the business. Male and female business owners seem to focus on different aspects of their family business to achieve role satisfaction.

Conclusions and implications

In this paper, the interaction of gender and owner’s role satisfaction in farm and non-farm family businesses was discussed and analyzed. Particularly, this paper took a closer look at family businesses in Midwestern states in the USA. Three ordered probit models were used to analyze the effect of gender on role satisfaction. Male and female ordered probit models were used to identify the different factors associated with role satisfaction for female and male family business owners based on their actual roles in the business. After controlling for owner, family and business characteristics, there were no differences in the level of role satisfaction between men and women. However, there was a difference in the factors that drove role satisfaction between men and women. Male and female business owners focused on different aspects of their family business to achieve role satisfaction.

The study has two limitations. First is that the study used a convenience sample. Second is that the sample consisted of mostly small- and medium-sized family farms in four states in the Midwest. Thus, the results may not be representative of all family businesses in the USA. However, the sample is a good representation of family farms in the USA.

Overall, if one were to describe the factors that affect role satisfactions, one would have to take into account gender differences. The results imply that increased interpersonal satisfaction and better performance spill over to increased role satisfaction for men. Overall, owner and business characteristics affect male business owner role satisfaction more than women business owners. For women, increased role satisfaction depended on being a
decision maker and working with family and decreasing the resource competition between the business and the family.

Both men and women were positively affected by their perceived success their business. This more than profit may be a better gauge for owner satisfaction and business success regardless of gender. More research could be conducted regarding non-economic outcomes as measures of success.

The results imply that there is no one-size-fits-all for success or satisfaction; and that there is a gender component to these differences. Profitability may be important but for most family business owners it is not the only necessary condition for satisfaction. The family’s influence on the business is an important component of owner satisfaction. For both men and women the emotional outcomes from conflict within the firm affected their role satisfaction. One could ask to what degree tensions and conflict affect performance in family firms. More specifically, what is the tipping point between a “good” amount of conflict and tension, which is needed for growth and change, and too much conflict and tension which hampers positive outcomes?

Notes
1. A copreneurial business is one in which both spouses own, and are involved in, the management of the business.
2. Because many of these businesses were small direct-to-consumer farm businesses to complete the interviews took several telephone calls over the summer and the majority of the businesses were able to complete their surveys in the winter months.

References


Further reading

Corresponding author
Maria I. Marshall can be contacted at: mimarsha@purdue.edu

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Paradoxical influence of family ownership on innovation-focused organizational change
Evidence from a large family business retail firm

Izabela Szymanska
Department of Management/Marketing, University Center, Saginaw Valley State University, Saginaw, Michigan, USA
Anita Blanchard
University of North Carolina, Charlotte, North Carolina, USA, and
Kaleigh Kuhns
University Center, Saginaw Valley State University, Saginaw, Michigan, USA

Abstract
Purpose – The purpose of this paper is to focus on efforts of a large department store to increase its business advantage by boosting innovation. The first broad research question of this study investigated how the family and non-family members influence the process of organizational change aimed at greater innovativeness in a successful retail family business. The second research question was how the family enterprise handles the tension between change stemming from innovation and progress and the need for stability, continuity, tradition, and maintenance of family control.
Design/methodology/approach – This study is an in-depth inductive analysis (Glaser and Strauss, 1967) of an important and unique case (Yin, 1994).
Findings – The results of the study indicate that the push toward innovation was initiated by family members and that it was focused largely on creating structural support for the innovation activity keeping this activity tightly under monitoring and control by upper management. The attempts at equipping employees with innovation-relevant decision-making authority or consulting the clients in designing novel projects were absent, while the move to change the organizational culture was measured.
Originality/value – This study makes several contributions to the academic literature. It offers an empirical assessment of the effects of emotional attachment and ownership concentration on innovation management, a phenomenon postulated by Kotlar et al. (2016). These two characteristics pulled innovation-boosting initiative in opposite directions creating a unique dynamics. This research also provides an example of organizational identity that hinders the innovation process in the context of a family business that survived and developed over generations.
Keywords Qualitative research, Barriers to innovation, Innovation in family firms, Transgenerational family firms

Introduction
The steady increase of online retailing since early 2000s has wreaked havoc on many traditional, brick-and-mortar retail destinations. The need for innovation, therefore, is especially pertinent to brick-and-mortar retail locations, such as a department store that is the focus of this study. In this paper the authors focus on efforts of a large department store, a third-generation family business, to increase their business advantage by boosting innovation. To date, no fully developed theory explains how family businesses nurture entrepreneurial drive within their companies (Jaskiewicz et al., 2015). While current scholarship on innovation in the context of family firms identified factors associated with supporting (e.g. Habbershon et al., 2003; Zahra et al., 2004) and impeding innovation activity
(Hall et al., 2001; Schulze et al., 2003; Naldi et al., 2007; Cruz and Nordqvist, 2012; Laspita et al., 2012; Miller et al., 2013; Kotlar et al., 2013; Brinkerink and Bammens, 2018), little is known about behavioral processes of family business decision making that would allow to understand more deeply how and why these factors are at play (Kotlar et al., 2014).

Little is also known on how family businesses, often associated with stability, tradition and built upon a need for family influence and control, handle the tension between these aforementioned characteristics and change occurring as a result of seeking greater innovative orientation within the company. While family firms are often distinguished by strong emotional attachment to the company and strong commitment to the success of the business, important considerations for the family leadership have also to do with maintaining control and discretionary power in the hands of family members. Introducing organizational change, especially in the form of achieving greater innovativeness levels requires diluting family ownership (due to the necessary investments) and ceding some power and control to non-family personnel.

This study adds to the literature in three ways. First, it explores the process of knowledge search and knowledge implementation in a third-generation family business. While the concept of knowledge has been applied to family businesses in the context of innovation, this is the first study known to the authors that explores knowledge in the context of organizational change for increased innovativeness. Second, this research expands our understanding of innovation-focused processes present in a large, multibillion-dollar family business active in retail, service industry, an industry that has not been widely studied in the family business field. Finally, this study explores behavioral processes of strategic decision making that allow to understand how knowledge is being used in the context of innovation in family businesses which, as opposed to characteristics of highly innovative family enterprises, have also not been studied extensively (Kotlar et al., 2014).

Specifically, the authors argue that this study offers an empirical assessment of paradoxical effects on new knowledge search and utilization created by emotional attachment and ownership concentration on innovation management in family firms, a phenomenon postulated by Kotlar et al. (2016). The authors theorize that these two characteristics pulled innovation-boosting initiative in opposite directions creating a unique dynamics advancing a novel line of research beyond traditional models of economic rationality in innovation management. The authors elaborate on this point at length in the discussion section. In addition to that, our findings provide an example for the process of organizational knowledge search whereby exploration and exploitation activities proceed in an unbalanced fashion. Consequently, the authors discuss the forces that contributed to this lack of balance: the influence of normative institutional pressures and a “bottleneck effect” created by tacit knowledge meanings helpful for innovation activity residing only within the highest echelons of the company.

The authors describe the top-down, highly controlled approach that the family took to implement innovation-focused processes and its slow progress riddled by hurdles that originated from multiple sources. The results of the study indicate that the push toward innovation was initiated by family members and that it was focused largely on creating structural support for the innovation activity keeping this activity tightly under monitoring and control by upper management. The attempts at equipping employees with innovation-relevant decision-making authority, or consulting the clients in designing novel projects were absent, while the move to change the organizational culture was measured. Our discussion explores the possible theoretical explanations of why the family decision makers chose an approach that focused on preserving the organizational status quo. The authors also expand on identified obstacles to innovation process that ranged from the influence of environmental context, through concentration of capital in the family business, to the aspects of previously developed organizational values and norms that were present under
the past, less innovative business model. The authors focus on analyzing the influence of normative institutional pressures, concentrated family ownership and emotional attachment to the company, as well as organizational identity on service innovation.

For the purpose of this study, the authors used a qualitative case method (Eisenhardt 1989; Yin, 1994). Qualitative approaches are vital for theory building in emerging fields (Denzin and Lincoln, 1994) such as the family business. In order to gain deep understanding of the object of study, the authors conducted interviews with family members actively involved in the business, as well as those who were not directly employed, but were interested in the business, had their stake in it and influenced business goals. The authors also conducted interviews with non-family individual contributors and high-level managers in the company. The interviews were gathered to the point of theoretical saturation. Moreover, study data included three types of sources: interviews, internal company documents and ethnographic notes collected during a 12-month part-time job in company’s corporate office.

This paper is organized as follows. After introducing knowledge as a factor that expands and develops during organizational change aimed at fostering innovation, the methodology of the qualitative research conducted is presented. The latter section includes an in-depth information about the family business providing the setting of this study along with its development in the context of the industry. This is followed by a section addressing main findings. The paper ends with discussion of the findings and contributions of the study. Implications for practice along with a few ideas for future research are shared in the concluding section.

Organizational knowledge and its influence on innovation and organizational change

The impact of the construct of knowledge on family businesses has gained research interest in the last 10 years, nevertheless it is still far from being investigated as systematically as it is in the case of strategic management literature. Researchers focused mostly on the topic of knowledge transfer in the context of family business succession (Chirico, 2008), as well as investigated knowledge as a source for expanding capabilities for innovation and achieving competitive advantage (Zahra et al., 2007; De Massis et al., 2016).

Current case study presented an opportunity to investigate how intellectual capital and processes aimed at utilizing knowledge resource evolve in the context of organizational change for increased innovativeness. As knowledge at a company is transformed in the process of organizational change, change can be conceived of as an activity during which new knowledge is generated (Balogun and Jenkins, 2003) and implemented. This is because to achieve change, existing organizational knowledge has to be expanded, recombined with new knowledge sources and applied to achieve new business outcomes. Therefore, this study examines how knowledge can be used, developed and employed so as to enable organizational change and greater levels of innovativeness.

The authors assume that organizational change fostering innovation is a process during which the intellectual capital at a company evolves, and change can be conceived of as a process of new knowledge generation (Balogun and Jenkins, 2003) and implementation. Therefore, the search, flow and implementation of new knowledge during organizational change fostering innovation need to be managed (Balogun and Jenkins, 2003). For the purpose of this research study knowledge is defined as knowledge and skills which family and non-family members developed through education and experience within and outside the organization, along with organizational systems created to exploit this resource for effective decision making and competitive advantage.

Research investigating the knowledge search processes that may lead to innovative outcomes in companies focuses on two main dimensions. The first process is referred to as
search breadth and it refers to the exploration of the environment aimed at finding adequate resources for innovation outside of the organization. The second process: search depth, captures the extent to which companies search for knowledge within existing organizational knowledge bases (Miner et al., 2001). Scholars have examined the costs and benefits of searching for knowledge inside and outside of existing competence bases (Katila and Ahuja, 2002) and their conclusions emphasize the importance of balanced utilization of both internal and external sources (Goel and Jones, 2016; Gupta et al., 2006). A search that is too wide across geographic, technological and industrial contexts may lead to incurring too high costs which may hinder innovation performance. Likewise, a search that is too shallow and ignores the existing sources of knowledge in the company may also lead to incurring the costs of squandered resources. The lack of successful navigation of the breadth/depth dimension of innovation may also lead to a potential lack of alignment between the attempted innovative solutions and current organizational practices, which may in turn lead to innovation decay.

Current research on knowledge search and utilization in family firms underscores the importance of unique characteristics of family businesses and the involvement of family members that are likely to affect this process. Specifically, Zahra et al. (2007) argue that familial ties generally tend to enhance knowledge sharing practices within family firms; when multiple family members are involved in management, problems that are frequently present in family firms, such as insularity and centrality of control, are likely to be lessened. In other words, knowledge is easier exchanged and utilized for increased technological abilities when family involvement, and therefore, to an extent, also familial influence on the businesses, is high. Kotlar et al. (2016) presents a different theory related to the knowledge search and utilization in family firms, which is discussed next.

Influence of family power concentration and family emotional attachment on the company absorptive capacity of new knowledge aimed at fueling the innovation process

Kotlar et al. (2016) theorizes that absorptive capacity (understood as organizational ability to search for and apply new knowledge for the process of innovation) of a family business is influenced by both power concentration of family members and the emotional attachment that the family members have with their business. Kotlar et al. (2016) argues a paradoxical influence of emotional attachment on new knowledge search and its subsequent implementation: While emotional attachment of family members to the company tends to prevent the acquisition of new knowledge, the same factor also facilitates the use of new knowledge after its acquisition by the organization. Kotlar et al. (2016) also argue that the ownership concentration by family members may have similar paradoxical effect: while the ownership concentration of family members may increase the speed and efficiency of the search for the new knowledge, family ownership concentration will also decrease the level of utilized knowledge. This is because families may be weary of implementing substantial changes to organizational processes for the fear of partially losing control of the enterprise. Consequently, when family ownership concentration, and therefore the influence on the business is high, utilizing new knowledge is likely to be obstructed by the forces of “status quo.” Processes postulated by Kotlar et al. (2016) are outlined in Figure 1. Their paradoxical interplay underscores a broader phenomenon of a trade-off between business continuity and adaptability that is especially salient in in the management and strategy development of family businesses (Sharma and Salvato, 2013).

Even though the characteristics of innovation activity under which Zahra et al. (2007) and Kotlar’s et al. (2016) theories may be applicable have not been clearly articulated, the authors of this paper think that both theories may work under different circumstances. While Kotlar’s theory focuses on organizational change aimed at reshaping organizational processes and increasing capacity for innovativeness, Zahra et al. (2007) view of innovation
activities is centered on creating new products or technologies. While, arguably, product or service innovation is hardly possible without internal company flexibility, as well as far-reaching changes to internal processes and day-to-day operations, the two processes may possibly be somewhat separated depending on an industry. For example, a technologically focused, manufacturing business may create teams working on delivering innovative offerings to the clients, therefore creating boundaries around innovative solutions; in this case product innovations may not interfere significantly with processes at other organizational units. In contrast, a service-oriented company delivers its solutions as a whole business unit: creating boundaries around customer solutions, often coupled with a comprehensive customer experience, may not always be possible, or perhaps even called for. Therefore, Kotlar’s et al. (2016) theory may be more applicable to organizational change and innovation in service industry.

The use of organizational knowledge codified as company tradition for innovation

Company tradition can be seen as an internal pool of organizational knowledge that may help fuel the process of organizational change and innovation. Following the resource-based view of the firm (Barney, 1991; Wernerfelt, 1984), tradition can be thought of as a distinctive and unique resource that is difficult to replicate due to its dependence on the contexts in which it was formed. Tradition involves accumulation of know-how, symbolic and cultural content, and micro-institutions of practice handed down across generations and shaping organizational identity (Hibbert and Huxham, 2010).

While codified knowledge associated with company tradition involves the deep understanding of raw materials, and manufacturing and/or operating processes, tacit knowledge is associated with assumptions and values which, as potential resources, may lead to gaining the competitive edge. The study of De Massis et al. (2016) presents several examples of family businesses that used tacit knowledge accumulated as company tradition to create new meanings that fueled new product development. For example Vibram, a north Italian footwear company, used their company tradition centered on intense experience of nature to create shoe soles that felt close to being barefoot. Also, a study of Boyd et al. (2018) presents several examples of family businesses using tacit knowledge for long-term competitive advantage.

Before the authors move to discuss the innovation-focused initiative complete with the examination of its successes and hurdles, they precede to explain the employed methods and provide information about history of the company that constituted the setting of this study.

![Paradoxical effects of family emotional attachment and power concentration on company's absorptive capacity of new knowledge](Figure 1)
Methods
This study is an in-depth inductive analysis (Glaser and Strauss, 1967) of an important and unique case (Yin, 1994) whereby a family business strives to introduce higher levels of innovativeness into company operations. The case study method was chosen because our research questions refer to poorly studied processes of organizational change aimed at boosting innovation in the context of a mature family business. These processes always take place in a defined organizational context, whose elements interact in producing an idiosyncratic organizational outcome.

In order to identify a research location, the authors aimed to find an example of a family business that embarked on a large-scale innovation-boosting initiative. Our goal was to find a suitable example that could provide new theoretical insights (De Massis and Kotlar, 2014; Siggelkow, 2007; Zahra, 2016) into this process. Familyretail was a family business with long history of operating on the market that aimed to implement a range of mechanisms and initiatives to boost the levels of innovation. Therefore, the single case study method was chosen because familyretail was an appropriate case to investigate for the purpose of theoretical sampling. In the following part the authors proceed with the history of familyretail that provides an appropriate context for the study.

Empirical setting
The family business that is the object of this study is familyretail[1], a large department store in the Southern USA. The family has been successfully in operating stores since 1888. At the time of data gathering, the third generation of family members managed the business. Bob and Fred[2], the two brothers who were managing the business started their work in 2004 after their uncle retired. As of January 2014, the company, together with its subsidiaries, was the largest privately owned department store in the USA, with 303 stores located in 16 states and employed roughly 25,000 people. The company generated revenue of $4bn for the fiscal year 2014. In December, 2015 the company was sold to a private equity firm specializing in retail investments. This investor was not involved in the organizational change aimed at increasing innovativeness.

The first generation of familyretail business owners encountered a unique business opportunity in a relatively underserved area of rural North Carolina whose retail environment was characterized by the lack of strong competitors and high demand for essential goods. Accordingly, the first generation adjusted their business strategy to the characteristics of the local market. The owners focused on keeping the prices low, and made sure that the products met the quality and price requirements of local farmers. Their efforts led to an early success and high business growth.

During the time of first and second generations, business conditions did not change significantly with regard to the characteristics of market demand and the number of competitors. According to Porter (1990), business rivalry and the nature of customer demand represent the essential pressures that force companies to be innovative. In the case of familyretail, neither customers’ expectations, nor tastes, changed significantly in the geographic area where the business was growing; customers’ needs remained focused on mid-range quality essentials. Importantly, with regard to the competitive landscape, department stores experienced significant consolidation, that accelerated after the Second World War (Hix, 2014). This process weakened the competitive pressures present in the industry and created an environment in which change happened slowly and innovation was not essential to the survival of the enterprise. The company chose their market strategy to be based on replicating the successful business model over a larger geographic area.

While the market rivalry and demand conditions remained relatively constant, the company pursued growth using a risk-averse strategy: company strategic focus was on opening a greater number of stores as a way to increase market share. Achieving greater
market share by opening more stores in the same, or similar geographic area, made it easier for the family business to survive in times of market downturns, and, importantly, allowed the family members to protect the illiquid equity of the business. Replicating the established business model, weak market competition and unchanging demand conditions with the emphasis on providing customer essentials, influenced the organizational culture present in the company in a way that limited the emphasis on innovation and risk taking. The potential rewards of assuming a more entrepreneurial orientation, like innovating with services and products, screening the market for clues about changing buyer’s needs or challenging the competitors directly, were generally too small to be taken into account when making business decisions.

The first important changes in the competitive environment came in the first decade of the eleventh century when competitive pressures from other (especially online) retailers became much stronger and the demand for higher-end products increased. These changes increased the competitive pressures on family retail, as well as impacted the expectations of local customers with regard to the products and services. As customer base of department stores got more accustomed to buying goods with deep discounts, and retail offerings became more standardized (each department store carried same, or very similar brands) the industry find itself competing more directly with off-price outlets and with mass merchants like Walmart, both of whom had been gaining market share at department stores’ expense (Heimer, 2017). In order to survive stores needed to implement a new strategy to attract customers.

The third generation of family business owners embarked on a large-scale implementation of entrepreneurially focused activities perceived as best practices for boosting organizational innovativeness in the public corporate setting. This effort lead to a wide perception of success at fostering business innovation (the company received Adobe Award for Innovation in 2013), but the qualitative research revealed that the implementation of this newly found innovative approach was impeded by a number of unique obstacles having to do with both the family business nature of the company, as well as past business strategy. Family retail positioned itself as an upscale department store selling top national brands of fashion apparel, shoes and accessories for women, men and children, as well as cosmetics, home furnishings, housewares, fine jewelry, gifts and other types of quality merchandise at fair prices. Pricing strategy emphasized value. These offerings were addressed to American middle- and upper-middle class in Southeastern states, mainly in North and South Carolina, Georgia, Alabama, Tennessee and Florida. The emphasis was on quality classics with a target customer age of women between 34 and 54. This target female audience often valued colorful clothing options with subtle embellishments and patterns, over high-fashion, more avant-garde pieces experimenting with clothing cut and fit. “Pretty” and classic choices offered in different color and pattern options characterized women’s clothing department that was also the largest in the store.

The company also sold a selection of exclusive private brands focused on offering the customers consistent quality and more differentiated merchandise options. Larger stores included hair salons, spas, restaurants, optical centers and other amenities. Although the family business operated 93 stores that exceed 100,000 square feet in size, the majority of its stores ranged in size from 60,000 to 100,000 square feet and were located in smaller towns across the Southeastern USA. In December, 2015 the family finalized business sale to a private equity firm.

**Data**
The data included three types of sources: internal company documents, ethnographic notes collected during 12-month part-time job in the corporate office HR department and interviews.
Internal company documents

The authors analyzed internal company documents that have relation to company key strategic initiatives. These documents included: brochures, training materials, leaflets, information gathered from internet site pooling employee ideas for improving the business, etc. These sources yielded 259 pages. The documents can be divided into two general categories: documents created to facilitate company innovation efforts (195 pages) and documents facilitating organizational change and appraising employees of the changes in the marketplace (64 pages). All the internal company documents were analyzed using same strategies as the collected interviews. The strategies are described in detail in the section: analysis strategies. Internal company documents gave information on entrepreneurial mindsets present in the company and the sense-making process associated with entrepreneurship. They also provided a rich description of organizational identity, boundaries between the family and the business system and how these phenomena affected entrepreneurial orientation of the company. The documents were being gathered with company permission in the company Human Resources department.

Ethnographic notes

During a part-time job at family retail one of the authors kept a journal where they recorded observations relating to organizational events and conversations with organizational members. During these occurrences, their role was that of a participant observer. Due to this fact, the initial notes had a form of handwritten scratch notes that were developed into expanded notes from memory outside of the work hours. The expanded journal entries contained the basic journalistic information about the events along with observations, topics of conversations and some interpretations, if they were presented by the organizational members. Events and conversations that were recorded had a connection to the topic of organizational entrepreneurship and innovation, as well as organizational identity.

Interviews

Interviews were in-depth, open-ended and conducted with multiple respondents. There were 15 interviews altogether, lasting from 40 to 90 min.

The interviews were gathered to the point of theoretical saturation, whereby interviews with additional members did not add additional information for understanding of the organizational members' sense making. This approach also implied that the interviews were not made with a pre-determined number of people. The average organizational tenure of all interviewees employed in the business was 15.2 years.

Analysis strategies

A comparison method by Glaser and Strauss (1967) was employed to analyze the data. The authors identified interpretative categories, searched for recurring and deeper underlying themes that reappeared in various data sources, and consequently built their interpretation of the emerging themes that inform the research question. This interpretation was created by coding data into different categories and using interpretive memos to construe the meanings and relationships between different categories. The authors also conducted a negative case analysis to explore potential alternative explanations of their interpretations.

In order to ensure validity authors triangulated the data, conducted negative case analysis and created mid-case reports that were reviewed with a committee of supportive critics who did not have any vested interest in the research findings (Lincoln and Gubba, 1985). The authors presented these critics with emerging findings in the form of mid-case reports that included evidence supporting cumulating results, as well as interpretive threads of data needing additional elaboration or clarification using further sources. The committee
provided authors with feedback on how to adjust the strategy of analyzing the case or modify emerging interpretations. These individuals included UNC Charlotte faculty members, as well as peers from a research laboratory at the same university. All committee members had knowledge of the qualitative research analysis strategies.

The authors did not, however, conduct a member check of their emergent interpretations with familyretail organizational members, a potential weakness of their analysis strategy. Nonetheless, the repeated presentation of their working results to disinterested critics who knew both familyretail and qualitative methods helped authors to refine their analyses and interpretations.

Data triangulation implies making sure that a theme (or an interpretative category) emerged in different data sources, for example, both interviews and internal documents. The adoption of a triangulation (Denzin, 1978) of data collection methods and sources within the research strengthens the validity of this research.

The main instrument of data collection was the in-depth, open-ended interviews conducted with multiple respondents. The interviews were recorded, transcribed and analyzed using NVivo (a qualitative data analysis software package designed to help coding and analyzing qualitative data).

**Detailed process of data analysis**

The data analysis process focused on identifying overarching themes that were supported by interview excerpts to ensure that data interpretation remained directly linked to the participants’ narratives or the wording used in the internal documents issued by the company. The analysis process was executed in four steps.

The first step consisted of open coding, which commenced with reading and summarizing the raw data. Once open coding was complete, deductive analysis could commence. Scholars contend that pre-established theories can inform and even drive the coding process (Layder, 1998; Mason, 2002). Hence, in conducting this second, deductive analytical step, the aim was to reorganize codes in a way that would be more helpful to the investigation of the research questions guiding the study. As the research questions related to the knowledge management, entrepreneurial orientation, stewardship and organizational identity, the authors focused on themes that could shed light on those topics when examining the data. Thus, the initial codes were reorganized using sensitizing concepts stemming from existing theories relating to knowledge management in the context of entrepreneurship and family business.

The third step of data analysis involved axial coding, at which point, interpretations, as well as possible relationships between organizational phenomena, started emerging. During this stage of data analysis, the authors also utilized interpretive memos to construe meanings and relationships among different categories. The authors will proceed now to discuss these meanings and interpretations in the results section.

**Results**

In-depth analysis of the data revealed the process by which the innovation initiative originated, as well as the ways in which the change was implemented. First, the authors will discuss the process that initiated the innovation-focused change activities. The authors will then proceed to examine the implementation of innovation-focused organizational change.

**Introduction of innovation-focused activities**

One of the employees (Heather) revealed that the move toward innovation in the company was started with a book about innovation at Procter & Gamble read by the third, most recent generation CEO. The book outlined the best practices for a structured, continuous
and reliable process of improvement where external ideas were to be embraced as readily as the ideas stemming from organizational members (from “not invented here” mentality to “ideas can and will come from anywhere” attitude). There is evidence that the ideas present in the book influenced innovation at family retail. For example, The Innovation Playbook, a guide for innovation activity developed in-house, highlighted the need for sourcing ideas externally (there were targets for the percentage of ideas that were supposed to originate from the external stakeholders: vendors, customers and other partners). Also, the same source underscored the importance of using extensive customer research information in innovation decision making, a feature of innovation best practices at Procter & Gamble. Company focus was on creating an internal structure for innovation, an “innovation engine” inside the company with allocated resources and a clear path of development for novel ideas. Importantly, however, the idea of gathering information from the customers did not receive priority when innovation-focused structures were first created in the company.

The company employed several structural mechanisms to facilitate and guide innovation. The Innovation Playbook served as the core document outlining the practices associated with innovation, which is primarily aimed at fostering innovative endeavors. The document codified in detail the process of generating, evaluating and testing new ideas before they can be implemented in the enterprise. It also provided definitions and categorizations for innovation activities and assigned roles associated with innovation to organizational members.

The Innovation Playbook conceptualized innovation as a highly organized and continuous process with its own delegated organizational members and dedicated resources. Employees were instructed to use specific tools, forms and processes associated with the constant “circle of innovation.” The definitions, processes, roles and tools provided in the manual thus served as a planned and ordered support for the innovation process. The examples for the structural evidence for innovation, meaning the evidence for a coherent organization of the innovation activities, are listed in Table I.

With all of the structural support in place, the organization was able to gather a vast pool of improvement ideas in the form of hundreds of employee posts on the innovation website that was specifically created to support company innovation efforts. The data analysis

<table>
<thead>
<tr>
<th>Source</th>
<th>Exemplar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation definitions and classifications</td>
<td>The Innovation Playbook</td>
</tr>
<tr>
<td></td>
<td>Incremental enhancements</td>
</tr>
<tr>
<td></td>
<td>Substantial opportunities</td>
</tr>
<tr>
<td>Innovation-oriented activities and events</td>
<td>The Innovation Playbook</td>
</tr>
<tr>
<td></td>
<td>Design initiatives and collaboration opportunities for employees (events aimed at creating ideas meant to solve challenges facing the organization)</td>
</tr>
<tr>
<td>Innovation roles</td>
<td>The Innovation Playbook</td>
</tr>
<tr>
<td></td>
<td>Company innovation facilitators at the departmental level, or as a part of working units</td>
</tr>
<tr>
<td>Innovation organizational structures</td>
<td>Company organizational structure documentation</td>
</tr>
<tr>
<td>Innovation tools</td>
<td>The Innovation Playbook</td>
</tr>
<tr>
<td></td>
<td>An online platform allowing employees to contribute their spontaneous ideas, as well as those generated in response to company “innovation challenges” focused on solving a specific organizational or customer service problem</td>
</tr>
<tr>
<td>Innovation measures</td>
<td>The Innovation Playbook</td>
</tr>
<tr>
<td></td>
<td>The development of a scorecard for measurement that includes sales and profit growth</td>
</tr>
</tbody>
</table>

Table I. Structural examples of innovation
revealed that novel ideas were mostly generated during “innovation challenges” provided
on the innovation website. This enabled employees to respond to pre-determined challenge
questions deemed important to the organization and provided the company with an insight
into their innovative capabilities. An example of an innovation challenge may be a question:
how may familyretail become a top choice for shopping among college-aged customers?

Innovative ideas were also generated during special employee events designed as
brainstorming sessions on pre-defined topics, referred to as area brainstorming sessions.
In addition, employees could also submit additional ideas that did not originate from portal
challenges and employee events. Such ideas are subsequently evaluated by a panel of
judges, and those deemed the best were tested in stores using minimal resources.

In practice, however, the number of ideas that employees submitted was so great that
only a fraction of them could enter the innovation cycle outlined by the company. In
addition, this immense amount of input (hundreds of employee-created posts on internal
company innovation website) generated by the employees made it difficult to provide
adequate time to each submission. As a result, many ideas submitted by the employees did
not receive any feedback or were never submitted for evaluation by the panel of judges.

Implementation of innovation-focused processes
Although ample structural evidence for innovation existed, only two organizational members,
Peter and Michael, discussed the drive toward change and innovation as characteristics of the
organizational culture at familyretail. When asked about company policy on innovation and
change, Peter, a higher-level executive close to the family members cited the second-generation
CEO, referring to the rapid changes that took place in the business in the recent years:

As long as I can remember, the attitude was “We change before we have to,” “We are not
old-fashioned,” “We change on our own terms.” But, in the recent years, change has accelerated
rapidly. Current leadership encouraged innovation like never before. They want people to take
risks, fail quickly and learn from these mistakes. (Peter)

In this exemplar, Peter suggested a vision of organizational culture in which change and
constant adaptation to the customers’ needs is an important value for organizational
members. This characteristic of organizational culture was, according to him, present
during the tenure of the second generation of family members, long before the
current generation took the position of business leaders. However, Peter also acknowledged
that these postulated characteristics of organizational culture accelerated under the current
leadership. In addition to that, another higher-level company executive (Michael) shared
similar views on the topic of the presence of a culture of innovation within the company.

These two company leaders, Peter and Michael, clearly demonstrated that they adopted
the same attitudes toward new ideas and experimentation as did the previous leader of the
company. These interviewees were high-level company executives and their views, as
discussed below in more detail, were in contrast with the prevailing opinions expressed by
the lower-level employees. Lower-level employees did not regard organizational culture of
the past to have had those innovation and change-focused attributes.

As previously noted, lower-level organizational members failed to comment on company
practices that supported innovation under previous company leadership. In contrast, there
seemed to be a consensus regarding the unsatisfying organizational change in the earlier
years, a shortcoming that has only been addressed in recent years:

When the late Mr. Familyretailer [...] was still around, and he was running the organization, I think
he probably kept things the way he had in the past. Like, I don’t think he could have made changes
that they’re doing now. I don’t think the younger generation could have shifted direction with him
still there. I think, since his passing, they’ve been able to make all these changes. (Nikki)
In this quote, Nikki reminisced about the times before the current generation took the reins of the company, noting that the previous generation had their own way of running the business affairs and was unlikely to introduce changes. This stands in contrast to the views shared by Peter and Michael, as Nikki is clearly of opinion that change was difficult under the previous leadership, who instilled organizational culture that did not promote innovation.

Most study participants shared the view that the company’s move toward innovation started at the top of the hierarchy. This is supported by the evidence indicating that, even though many employees were engaged in the process of innovation, the third-generation family members currently at the helm of the company were the key stakeholders in that process and key people in driving forward innovation and change. In other words, they were the ones who challenged employees to try out new ideas and surrounded themselves with people supportive of change. Barbara, an individual contributor in the planning department, who had worked for the company for eight years noted:

> It definitely started top to the bottom. Unfortunately, I think it had to start that way in this company. Um, you have a lot of people who have been here for years and years, like their whole career has been there; and there’s twenty to twenty-five years’ worth of it, and sometimes it’s hard to get people like that to change their process. Um, so it definitely began with a top down of, saying we know we need to change, here are the things we need to go after. (Barbara)

As could be seen from the above, in Barbara’s opinion, changes were introduced by the family members in company leadership positions. She also pointed to the relative passivity of the employees with regard to change and innovation.

Another employee (Diana), an individual contributor from the innovation department, commented on the beginnings of the innovation process within the company, underscoring the influence and importance of the family members. Diana also indicated that openness toward innovation was lacking at the lower levels of company management. Diana shared the following:

> I think the family members, I think Bob and Freddy, you know, they’re making the decisions. Bob values innovation and I think that there are times where other people maybe aren’t. Other senior leaders aren’t as excited about change and I think that that’s where he really comes in as a family member who’s the CEO and says, like, “We are going to change, like, we’re going to innovate.” (Diana)

When questioned about the organizational “push” toward innovation the interviewed employees offered a wide range of views. Even though employees’ attitudes were largely positive, some individuals felt overwhelmed with the increased workload that resulted from technological changes associated with implementing some of the biggest investments. As a result, they felt unable to participate in innovation efforts. As Sophia, an organizational member in the training department, put it:

> So that, when you start talking about innovation, my head is already spinning. My head’s spinning just to be able to do my job correctly, because I have to learn new processes, I have to learn new things, and that elevates the stress level. (Sophia)

Sophia, an employee working in the training department with 17 years of tenure within the organization, expressed the feeling of being overwhelmed with the rate of changes at the company and the additional demands that these changes place on the employees. John, a middle-level manager from the planning department with same organizational tenure, further noted on that point:

> We want to change everything all at one time. Instead of taking slow measured change, we get caught up in the success or get enamored with the change, with hope of what change can bring. So, we do as many things as we can at one time without maybe taking into consideration the pain or the backlash from the change. I think they probably also misjudged the amount of change that people were willing to do. (John)
In this exemplar, John expressed a similar feeling of being overwhelmed with change and its demands. There was a hint of irritation and blame in his voice as he spoke of the strategies adopted by the highest management. In his view, the organizational change stretched the limits of what he and other organizational members could cope with. Even though many non-family employees supported innovation-focused activities and contributed their own novel ideas to the pool of new business solutions, they struggled with the lack of time and the abundance of organizational pressures that inhibited the development and implementation of new products and processes.

In conjunction with the drive to keep introducing new products and services, the company’s management also created programs encouraging employees to take risks and to learn quickly from possible mistakes. However, apart from this encouragement toward riskiness, the decision making in the company was marked with careful deliberation. For example, in an attempt to limit the risks of financial exposure, the company avoided taking bank loans. Also, all novel ideas were supposed to be tested using no more than $100. In addition to that, current research did not identify examples of acting proactively or aggressively on the market. Also, the investigation did not reveal examples of the company attempting to act with a forward-looking perspective, or in anticipation of future demand. The scanning of customers’ changing preferences, tastes and needs was supposed to be done on an individual level by the employees responsible for making buying choices, but the company as a whole did not perform such activities. The company also did not try to challenge the competitors directly. On the contrary, the focus was on learning from the competitors through gathering from them the best practices. A few respondents noted that the company management may have had some inferiority complexes and might have felt that their company was not as developed as their competitors.

Therefore, the employees experienced receiving mixed signals as to the amount of risk taking that was expected of them and worried about how the possible failures of risk taking could impact their careers. Specifically, they were concerned that their employment may be terminated if their unconventional product choices proved wrong. The lack of feedback on submitted improvement ideas left some employees feeling discouraged.

**Emergent finding: organizational identity and its influence on innovation activity**

One of the advantages of qualitative research is the fact that it may provide unexpected insight into processes that did not constitute the initial set of the research problems. Such was the situation in this research project. This study identified characteristics of organizational identity that influenced the process of innovation at the company.

Social identity theory (Ashforth and Mael, 1989) is deemed to provide better understanding of family business dynamics (Schmidts and Shepherd, 2013) including the entrepreneurial process present in these enterprises (Reay, 2009; Shepherd and Haynie, 2009).

Organizational identity pertains to values and norms that are central, distinctive and enduring about an organization. When defining identity, it is usually beneficial to consider the following questions: what is this organization? What is the quintessence of this organization? How is it different from other organizations? Organizational identity is sometimes described as the “essence” of a given organization (Ashforth et al., 2011). Accordingly, it is likely to express the organizational goals and values, as well as constitute “reference point” for all organizational activities, including entrepreneurship.

A few considerations related to both the family identity and the business identity of the organization emerged, which may have influenced the process of entrepreneurship in the company. In terms of the family identity, the strong determination to succeed, combined with the humility of the family members, may be important drivers of the entrepreneurial activity. The analysis of the interview data revealed that strong ambition of the family members and their drive to build a significant retail business influenced their
decisions to create an ongoing innovation process, coupled with the promotion of risk taking among the employees. By initiating these changes, they hoped to revive the organization in the face of strong competition from a host of other retailers and online stores. The norm of approachability, present within the business, facilitated the flow of ideas for innovation. Approachability was not associated, however, with greater decision-making authority on the side of the employees: decision-making process remained highly structured and hierarchical.

The relative humility of the family members may have influenced the lack of market aggressiveness associated with challenging the competitors directly. Throwing a gauntlet at the competitors requires a good amount of self-confidence and maybe even some arrogance. While risk aversion was arguably one of the factors that allowed this business to accumulate capital and survive over generations, being prone to challenging the competitors directly was not a characteristic of this enterprising family.

Discussion
While the entrepreneurial contribution of enterprising families still remains largely under-researched, this research addresses this gap in the management and entrepreneurship literature. The results of the study indicate that the push toward innovation was initiated by the family members and that it was focused largely on creating structural support for the innovation activity keeping this activity tightly under monitoring and control by upper management. The attempts at equipping the employees with innovation-relevant decision-making authority, or consulting the clients in designing novel projects or offerings were absent, while the move to change the organizational culture was measured. The authors argue that these actions would likely have been associated with a rapid organizational change which could have undermined organizational status quo and family influence on business activity. The following discussion expands on the results, as well as attempts to place them in context with the current literature on entrepreneurship in family enterprises.

Familyretail, being a service-oriented company, did not accumulate a stock of codified knowledge. There were, however, clear assumptions, beliefs and goals centered around intended value for the clients. These beliefs met the definition of tacit knowledge constituting company tradition; they included: supplying quality essentials at fair or bargain prices provides for a good business practice; the value placed on flexibility in meeting customer’s needs and adaptability to modern times; and finally the goal of being a go-to-place for life’s necessities. While De Massis et al. (2016) list several examples of family businesses that used company tradition to innovate new product functionalities and new meanings leading to novel business outcomes, tradition of familyretail proved not to be the springboard for creating new business practices, that could potentially lead to innovating new offerings and service meanings.

Unbalanced knowledge exploration activity
Familyretail’s search for knowledge fueling innovation processes was not balanced. In terms of the breadth of the search, the exploration activity, the family members at the helm of the company decided to reach far to the corporate manufacturing setting and adopt best practices created in this largely different environmental context. Therefore, the evidence of this study suggests that the way of introducing innovative thinking into the business was focused largely on adopting best practices developed in the corporate, manufacturing setting, which may indicate a strong influence of institutionalized structures and norms present in the market environment. It is important to note that in this case study the family business did not focus primarily on making decisive changes to the organizational culture, or equipping employees with more discretion for introducing innovative solutions, focused
instead on creating structural support for innovation and codifying the rules for entrepreneurial practices in accordance with ideas borrowed from the corporate manufacturing environment. As the result of this approach, innovation became a highly structured process, which subsequently suffered from a lack of adequate organizational resources and employee “buy-in.”

Provided that there is evidence that family businesses may be more prone than other businesses to adopt institutionalized industry standards (Miller et al., 2013), this study may provide evidence that the institutionalized pressures may also play a role in the way family businesses attempt at being more entrepreneurial. This fact may be seen as a way in which family businesses strive to overcome a bias associated with a stereotypical view of family firms as “homegrown” enterprises suffering from low levels of professionalism. Therefore, a strong drive to adopt industry standards can be aimed at ameliorating these negative perceptions.

Importantly also, the fact that it was the family members who pushed for and implemented a large-scale introduction of corporate best practices deemed to support innovation, may support the evidence accumulated by Gottschall (2014), which demonstrated the primary influence of family members and only supplemental role of non-family employees in fostering innovation. While the non-family employees contributed their ideas to the innovation processes, they were not the main champions, and lacked decision-making authority, in the innovation-focused efforts.

Unbalanced knowledge exploitation activity
In terms of the depth of the search, the exploitation activity of the available organizational resources that could support the process of innovation, the study evidence revealed that this search was inhibited because some of the tacit knowledge meanings resided only within the upper management team. Contrary to the examples of companies which originated new meanings supplied by De Massis et al. (2016), tradition at family retail was primarily defined as being a household name in the local business community and a go-to-place for customers for over a 120 years. This form of defining tradition was not a fertile ground for business innovation because it was devoid of meanings that could direct company search for innovative service solutions. The emphasis on flexibility and keeping abreast with modern time demands and customer expectations, or the goal of being the first choice for customers were potential elements of tacit knowledge developed within this business and company tradition that could help innovate new service meanings. These ideas were, however, created by and understood only within the narrow top management team, which focused primarily on creating structural support for innovation activities and was not aware of the relative obscurity of these principles to the employees.

Influence of family power concentration and family emotional attachment on the company absorptive capacity of new knowledge aimed at fueling the innovation process
Kotlar et al. (2016) theorizes that absorptive capacity (understood as organizational ability to search for and apply new knowledge for the process of innovation) of a family business is influenced by both power concentration of family members, as well as by the emotional attachment that the family members have to their business. This case study provides for a good illustration of these postulated processes and may also provide insights about the relative importance of both family ownership and emotional attachment on the absorptive capacity of new knowledge for the innovation process and subsequently also for the process of organizational change.

In the case of family retail high emotional attachment to the business prompted family members into seeking ways of revitalizing the company only after perceiving vital threat to
the survival of the company. In the presence of family centered non-economic goals, like the emotional attachment to the business, environmental jolts are deemed to force a family business to change and innovate to adapt to external turbulence (Campopiano et al., 2018). In this process families increase the levels of risk tolerance (Smith, 2016) and often make drastic changes to family business entrepreneurial orientation (Zachary et al., 2017).

The processes of new knowledge search did not occur before such threat was present. The recognition of difficult business environment with shrinking margins and the rise of online retailers exerting pressure on family retail’s bottom line was an extra strong prod to acquire new processes and new knowledge. The ownership concentration facilitated the process of new knowledge search in a clearly positive way: it was the family members who found and promptly implemented processes aimed at stimulating innovation originating in the corporate manufacturing sector.

While the search for new knowledge was quick and broad, the utilization of the newly adopted processes was ridden with difficulties, although it was also pursued with a lot of effort. Gomez-Mejia et al. (2007) argued that making significant internal or external changes associated with creating and adopting new processes is difficult for family businesses with high family ownership concentration because it may create a risk of changing internal status quo. This may be a dangerous proposition for the incumbent family business owners. As Carnes and Ireland (2013) points out: “The adoption of new technologies, systems, organizations, or other innovations may lead to a reconfiguration of external social ties or internal power distributions — either of which may adversely affect the perceived socioemotional wealth of the family or the family’s or firm’s social capital” (p. 1407).

In the case of family retail, the forces to maintain status quo were evident in the control that family members attempted to retain at each step of the newly implemented process of innovation. Employees lacked both clear decision-making authority, as well as the resources (both tangible like funds, as well as intangible like time) to implement the desired changes. At the same time, however, family members attempted to spread out new practices with a lot of effort and dedication; family members created, for example, a separate innovation department, and collected hundreds of novel ideas via dedicated to innovation efforts online platform. Even though many employees felt their ideas did not receive enough attention due to limited resources, the website as platform for gathering employee feedback was a success. In a sense, the communication bottleneck effect was caused by the huge popularity of the website that became the victim of its own success. Employees were not, however, able to act on these ideas before undergoing a comprehensive evaluation process controlled by the highest management. Overwhelming majority of the ideas did not receive feedback at all.

Overall, the forces of emotional attachment and ownership concentration created opposite dynamisms that both facilitated and inhibited innovation-boosting organizational change: while high emotional attachment delayed the search for new processes, and family owners started the search for new organizational solutions only after perceiving vital threat to the survival of the business, they also attempted to spread new practices with effort and commitment. In contrast, high ownership concentration facilitated broad search for new knowledge, but also created problems for new knowledge adoption and implementation by the firm’s emphasis on organizational control.

Conflict of innovation enhancing initiative with the organizational identity
The mission of the business was defined as a dependable purveyor of clothing, grooming and household goods, as well as being an expert and a “go-to-place” for the best offerings of its kind. The company focused on achieving that goal by constantly improving its practices and the range and quality of items available for sale. Hence, the relative absence of market proactiveness involving taking steps in anticipation of future demand and an active role in shaping customers’ preferences, that was identified in the business, might
stem from the clarity with which the role of the business was defined. The management
was proud of being servants and high performing experts for the customers, and they
strived to continue the long company tradition in fulfilling that role. When the goal of the
business and the family is to be “humble servants” delivering the customers essentials for
a multitude of life’s occasions, seeking entrepreneurial opportunities in the market may
become a less salient goal.

The family members strived to achieve excellence of their work, which was defined
more by the family managers of the business, than by external benchmarks. In other words,
the success of the business and the level of its excellence depended on the judgment of the
company internal stakeholders. The business identity of the company defined its employees
as hard-working experts that should be well-versed in the needs of the clients. The customer
needs and preferences were assumed to be well understood by the organization.
Consequently, entrepreneurial initiatives were focused more on collecting the ideas from the
employees or “community experts” than on gathering broad-scope input from the
customers. The evidence gathered as a part of this investigation revealed that the activities,
such as searching, probing and questioning – that could help “scan” the market for an
opportunity and aid in being proactive in the changing retail environment – were given
very little importance. Thus, with this current approach, market proactiveness as a
forward-looking perspective on the market was underdeveloped.

For any businesses to remain competitive in the market and relevant to its customers, the
expertise of the company insiders needs constant updating. Thus, in the case of family
retail, the internal knowledge and skills may also prove inadequate, against the best wishes and
the past experiences of the company experts. With the emphasis on hard work and large
workloads, the employees found themselves lacking time and energy for seeking new
market opportunities or acting in anticipation of future demand.

Practical implications
While research on family business innovation in technology-driven industries found that
family businesses are better at utilizing tangible and intangible resources, including
exploiting social networks for knowledge acquisition, than non-family enterprises (Duran
et al., 2016), the results of this research suggest additional patterns in knowledge-related
innovation activities of family firms that are likely of importance to family business
consultants and family business owners alike. Overall, in the context of the presented case
study and its conclusions, these patterns point out to some important vulnerabilities of
family firms, but also identify some strengths of these enterprises.

The process of instilling greater innovativeness at family retail is an example of
characteristics of family ownership facilitating and hindering innovativeness at the same
time, a phenomenon that was also discovered in other research on the topic of innovation in
family firms (Brinkerink and Bammens, 2018). High emotional attachment to the business
and high power wielded by the family members seemed to be pulling this process in
opposite directions creating a unique dynamic that could be described, perhaps, as “two
steps forward, one step back.” Let us turn to discussing how this process transpired and
what lessons may it convey for practitioners and business owners.

One of the important findings of this study is the fact that high emotional attachment to
the business may cause inaction in the area of market research and market knowledge
acquisition. Even when the process of searching for new knowledge starts, high emotional
vesting may still interfere with this process, by causing emotionally vested business owners
to cling to emerging market data, and not properly evaluating their usefulness (in the
current case study, business owners active in retail adopted ideas from the manufacturing
sector). The company that was the subject of this study started the process of organizational
change aimed at boosting innovation relatively late in the face of a direct threat to business
survival. Starting this process late might have had to do with insecurity in confronting an emotional challenge. Therefore, feelings of high emotional vesting into business may prevent searching for adequate market-relevant information (Kotlar et al., 2016). A similar emotional reaction may sometimes be observed when budding entrepreneurs with a business idea delay, or even completely forego conducting market research, learning about their competitors and validating the need for their chosen product or service.

More research is needed to determine the scope and characteristics of market research activity in family businesses, but based on the current study authors believe that this activity may sometimes be underdeveloped in the context of large-scale organizational change. The authors propose that family business consultants and owners should be particularly sensitive to this danger and utilize strategies aimed at ameliorating fear and insecurity stemming from confronting a highly emotional business challenge. Also, ceding some innovation responsibilities, especially in the areas of knowledge search, knowledge acquisition and general business research on non-family employees and/or on individuals who are not business owners can improve knowledge search outcomes. While there is undoubtedly a fine balance between too much emotional attachment, and not enough of it, somewhat lesser emotional attachment of these individuals could help business owners gain access to market knowledge and relevant pieces of market data to make decisions based on comprehensive information.

Family business owners and practitioners need to be aware that there are multiple forces that may prevent successful implementation of organizational change. Family business that was the object of this study excelled at creating structures for the innovation process, but its owners let innovation activity stall likely because of fear of losing control and, perhaps also, incurring too high costs of this activity. Specifically, family business owners failed to provide workers with adequate time, other resources and partial incentives for introducing novel business solutions. The data analysis revealed a top-down approach to introducing changes aimed at creating new ideas for products and services. As the interviewees revealed, company’s innovation pursuits were predominantly driven by the family members, even though a range of structural mechanisms were introduced with the goal of facilitating the innovation process at all levels. The analysis of the data also revealed that the change to the organizational culture as part of the innovation efforts was limited. Allowing for greater participation of the employees in the decision-making process, as well as placing emphasis on the change of organizational culture and on providing adequate resources for rapid, small-scale testing of the new ideas will likely help to prevent this innovation decay.

Implementation of new knowledge and resulting organizational change may also be facilitated by testing and evaluating the usefulness of the change with internal and external stakeholders: clients, possibly suppliers and other stakeholders. Seeking direct feedback from clients may facilitate new knowledge implementation and resulting organizational change that are likely obstructed by the need to preserve internal status quo. The more conviction the family members have that the change is necessary and beneficial, the easier it will be to execute it. Strong conviction in the necessity of change, together with high emotional vesting into the business, is likely to help enterprising families increase the scope and depth of change for increased innovativeness.

Furthermore, some of the findings of this study can be placed in the context of general best practices for initiating and maintaining change for innovativeness in the retail industry. The studies on this topic emphasize the importance of customer-driven search process to constantly adopt to clients’ evolving needs (Pantano, 2014, 2016; Greer and Lei, 2012; Alexander et al., 2009). For example, Fujioka (2009) identified three fundamental steps for the success of innovation management in retail industry: creating a firm point of contact between consumer and retailer; initiating interaction between the customer and the retailer,
by building a lasting relationship; and creating a process for retailer’s reaction toward consumers’ needs.

In the case of family retail, clients’ input was not an important part of the retail business redesign. The structure and processes for increased innovativeness at family retail lacked all the aforementioned elements, from establishing a strong point of contact, through building a relationship with the customer, to creating a mechanism for understanding, evaluating and implementing clients’ suggestions. While this relative lack of customer participation in the change process may have likely been influenced by organizational identity of the business construed as a knowledgeable purveyor of clients’ needs and an authority on the latest fashion trends, the authors of this paper believe that that family businesses are uniquely positioned to enhance customers’ active participation in the retail experience co-creation process. The authors think that the mission of increased interaction with customers and extracting their knowledge to be transformed into new retail offerings and services is uniquely suited for family businesses because these enterprises are often distinguished by high levels of socio-economic wealth. Socio-economic wealth, in turn, is focused, among other characteristics, on the creation and maintenance of relationships with the larger community, which includes key company stakeholders and its customers. Even though the implementation of organizational change aimed at boosting innovation is likely hampered by strong family control over the business, tapping into the socio-economic wealth of the family and its propensity to create and maintain deep relationships may help increase an important aspect of successful innovation in the retail context; engaging the customers and creating more unique experiences while shopping (Pantano and Viassone, 2014). While, as the findings of this study may suggest, engaging customers is not the approach that the enterprising families in retail industry may pursue, being aware of the possible obstacles to this process by practitioners and consultants may allow them to move change in a direction that draws on the unique assets of family businesses, like socio-economic wealth; these unique advantages may consequently facilitate change in accordance with best practices of innovation in retail industry.

This research also provides an example of organizational identity that hinders the innovation process in the context of a family business that survived and developed over generations. While transgenerational family entrepreneurship is associated with organizational identity rooted in the stories of resilience and ingenuity (Jaskiewicz et al., 2015), same organizational identity can sometimes be construed in a way that inhibits adaptation to new market challenges, even in businesses with long history of survival and success. Family business consultants and business owners need to become more aware of this fact. Careful evaluation of organizational identity in the context of its possible contribution to, or detraction from organizational change and innovation activities should become much more common in family business advising. Attention is needed not only to the contents of this identity, but also to its level of permeability throughout the organization, because in the context of this research study meanings that could support innovation and organizational change resided only at the highest organizational echelons.

Notes
1. Pseudonym developed to protect the family name used as the name for the business; lower case reflects the actual rendition of the name on company logo, according to the information gathered in this study, lower case emphasizes the humility, as well as intended approachability toward the customers.
2. Pseudonyms.
References


Further reading

Corresponding author
Izabela Szymanska can be contacted at: iiszyman@svsu.edu

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
An image theory of strategic decision-making in family businesses

Christopher Penney
University of North Texas, Denton, Texas, USA, and
James Vardaman, Laura Marler and Victoria Antin-Yates
Department of Management and Information Systems, Mississippi State University, Starkville, Mississippi, USA

Abstract

Purpose – Research suggests family businesses often pursue risky or aggressive strategies despite the desire to preserve socioemotional wealth (SEW), which is thought to lead to conservativism in family firm strategic decision making. The purpose of this paper is to resolve this apparent contradiction by presenting a model that describes the screening criteria used by family business decision-makers when evaluating strategic opportunities.

Design/methodology/approach – The conceptual model relies on insights derived from image theory to resolve apparent contradictions inherent in the SEW perspective’s implications for family firms’ risky strategic decisions.

Findings – The proposed model suggests new strategic opportunities in family firms are evaluated through an unconscious, schema-driven decision process and that the preservation of SEW does not preclude risky strategic directions, but instead serves as an unconscious screening criteria for strategic opportunities.

Originality/value – This paper contributes to the literature by expanding the understanding of family-firm strategic decision-making to include considerations of the decision’s fit with the family’s principles, goals and strategic plan rather than solely to overall risk to SEW. Thus, the paper presents a detailed model of family-firm strategic decision-making that relies on insights from image theory.

Keywords Family business, Strategic planning, Organizational changes

Paper type Conceptual paper

1. Introduction

Family businesses are the most common business structure in the world, accounting for up to 90 percent of businesses according to some estimates (Anderson and Reeb, 2003). Despite the prominence of family businesses, the grim reality is that a majority do not survive past the first generation (Labaki et al., 2019). A fundamental tenet of the strategic management literature is that business success and failure are often the result of decisions made by top managers. Although there are many aspects of family businesses that differentiate these businesses from non-family businesses, decision-making is one of the most striking (Chrisman et al., 2005). Indeed, family businesses are concerned not only with financial returns, but also nonfinancial aspects such as affective endowments of the family, known as socioemotional wealth (SEW; Berrone et al., 2012).

As a result of family businesses’ preferences toward SEW preservation, they tend to avoid decisions that could challenge family control or lead to unexpected outcomes (Chirico et al., 2018). Instead, with little exception, the literature suggests that family business owners and managers approach decision-making conservatively, with an eye toward keeping the founder’s business formula intact over time (Arregle et al., 2007; Chirico et al., 2018; Zahra, 2005). Although SEW begins to explain how family businesses approach strategic decision-making by suggesting they will avoid strategies that threaten SEW, much remains unknown. There are certain logical contradictions between SEW’s prediction that family businesses will be loss averse with respect to SEW and the reality that many family
businesses maintain the founder’s original plans – even in the case of business failure – thus risking the family’s stock of SEW by avoiding necessary strategic changes. Indeed, Salvato et al. (2010, p. 322) warn that “the generational shadow casts an enduring effect as ancestors’ pathways are considered sacred grounds.” For these reasons, considering the decision heuristics used by family businesses to assess strategies is a much-needed theoretical exercise. Thus, the paper’s central objective is to work toward a theory of family business decision heuristics used to assess strategic decision-making.

In pursuing this objective, the paper draws upon image theory, which has been used to understand decision heuristics (Beach, 1993). Image theory, which proposes that one’s underlying beliefs and values are organized into images that inform the types of decisions one will find acceptable, is particularly useful because it explicitly considers the underlying beliefs and values of the decision-maker in the broader decision-making process (Beach, 1998). Image theory also considers aspects of the decision process that take place in the absence of economic rationality (Beach, 1998), which is specifically useful in the family business setting because it provides the necessary feedstock for theorizing about decision-making when noneconomic imperatives take precedence. In the following sections, the relevant literature is reviewed and the important aspects of image theory are highlighted. Next, a model is presented that explains how family businesses approach strategic decisions. Model implications and directions for future research are then explained.

2. Literature review
A widely held view is that family businesses gravitate toward conservative decision-making and avoid making risky business decisions that could jeopardize family SEW, defined as the nonfinancial aspects or affective endowments of family business owners (Berrone et al., 2012). Decision-making in family businesses is typically examined with the expectation that family businesses will seek to maximize SEW. The desire to preserve SEW is thus a pivotal imperative that drives the strategic decisions of a family business. The family business literature offers considerable evidence to support the thesis that family businesses act conservatively and avoid making drastic changes to the business’s strategy unless absolutely necessary (e.g. Chrisman and Patel, 2012). However, evidence suggests family businesses often pursue risky strategic decisions. Indeed, there are several examples where family businesses do pursue risky or more aggressive strategic decisions. For example, family firms have been shown at times to actively pursue diversification (Gomez‐Mejia et al., 2010), acquisitions (Miller et al., 2010), research and development (R&D; Gomez-Mejia et al., 2014), and portfolio entrepreneurship (Cruz and Justo, 2017).

A revision to the SEW perspective, the mixed gambles approach, offers a partial explanation for this apparent contradiction. According to mixed gambles, family owners frame certain risky decisions in positive ways after weighing the decision’s potential to increase or decrease family SEW and economic positions (Cruz and Justo, 2017). Ultimately, the mixed gambles approach prescribes that family businesses may render a risky decision if they gamble that is more likely to result in greater SEW (or economic) gains than SEW (or economic) losses (Gomez-Mejia et al., 2018). The mixed gambles perspective suggests that family businesses may execute risky strategic decisions if they perceive that the decision is more likely to increase SEW than to decrease it.

Although the mixed gambles approach moves us closer to understanding when a risky decision may be viewed more favorably and ultimately selected, there are several aspects of the decision process that cannot be fully explained by either the SEW perspective or the mixed gamble approach. For example, family businesses are slow to correct poor-performing strategies where the current strategy is the riskier option; thus staying on the current path would likely result in SEW losses. Indeed, family businesses are generally slow to make divestment decisions, even when facing impending failure (Chirico et al., 2018).
If family decision-makers were predominantly loss averse as theory prescribes, they would divest the unprofitable asset to preserve the family’s business assets and in turn SEW. Given these challenges, SEW and the mixed gamble approach stop short of fully explaining the mechanism through which family businesses consider strategic decisions. Although it is suggested that family businesses have greater dependence on proven mental programs and heuristics (Salvato et al., 2010), little is known about the heuristics family business decision-makers use in screening potential strategic opportunities. Image theory may provide insight into such heuristics.

Image theory suggests the underlying beliefs and values of decision-makers are organized into images that inform the acceptability of a decision (Beach, 1998). As one proceeds through events or situations in life, scripts, or cognitive structures that create algorithm-like sequences of life (Lord and Kernan, 1987), are developed. A script exerts powerful influence on the types of decisions one finds acceptable, thereby functioning as a blueprint for behavior and future actions (Gioia and Poole, 1984). Scripts are “activated” when one is exposed to a discontinuity in their everyday existence (Lee and Mitchell, 1994). A discontinuity can be any sort of discrepancy ranging from a job-related shock to an “aha” moment that inspires the decision-maker (Lee and Mitchell, 1994). When an opportunity arises, a decision about whether or not to pursue the opportunity is made by activating scripts.

According to image theory, people are bombarded with cues that could entice them to alter their behaviors. Because of the information overload that accompanies these cues, individuals use their accumulated knowledge to evaluate this information in unconscious, schematic fashion (Beach, 1993). Cues to act that are incongruent to the images of the decision-maker are screened out and ignored, while cues to act that fit with the interpretive scheme of the decision-maker spur the decision-maker to action (Silver and Mitchell, 1990). Hence, image theory suggests that decision-makers use their accumulated knowledge (schemata) to make script-driven decisions that are in line with their personal values, goals and strategic objectives (Beach and Connolly, 2005).

2.1 Image theory and family business strategic decisions

Image theory is particularly useful for understanding family businesses’ strategic decision processes because it acknowledges the role of underlying values present in the workplace. According to Beach (1998, p. 268), “expansion of the theory to include organizational decision-making is important. Unique in this view is the idea that individuals make decisions that are then refined and selected in the group, which means that organizations do not make decisions, people do.” Indeed, Mitchell and Beach (1990) offer that one’s images are shaped by work, family, friends, recreation and spiritual environments. Because family businesses involve the intersection of multiple environments, image theory appears particularly poignant in explaining strategic decision-making in family businesses.

Image theory is also useful for understanding the family business strategic decision process because it relaxes several key assumptions of other decision-making theories. It acknowledges that many decisions are made reflexively. Image theory holds that decision-makers rarely conduct an extensive evaluation of decisions and that one’s behavior is typically preprogrammed (Beach, 1993). For example, Lee and Mitchell (1994) argued that enactment of a decision to quit an organization is script-driven and mostly reflexive. The allowance for schematic decision-making is important for the family business context. Gallo and Pont (1996) explain their finding that family businesses may resist international expansion by arguing that prior success of the family business causes family businesses to place the business on “automatic pilot.” Thus, previous research suggests decision-making in family business is script-driven.

According to image theory, when decision-making is automatic in nature due to established schemata, true choice rarely occurs. Image theory allows for the possibility that
decisions made may not always be optimal and abandons an economic view of decision-making (Beach, 1993; Lee and Mitchell, 1994). While rational-choice models of business decision-making assume that decisions are based on objective assessment of economic information, image theory offers that one may select a decision that would not maximize expected economic utility (Beach, 1993). Information is screened based on whether or not it violates one's perceived images via schemata that have been developed via past experience and ingrained values (Beach, 1993).

Acknowledging that economic interests may not be the only factor in decision-making is important in the family business context. Indeed, the dual interests of family businesses (the family and the business) suggest decisions often deviate from classical models depicting objectively weighted alternatives. Indeed, family considerations make purely rational decisions based on economics difficult because of the personal relationships these decisions involve (Chrisman et al., 2005). For this reason, image theory has particular application to the family business setting. For instance, Vardaman and Gondo (2014) used image theory to explain when family firms may preserve different types of SEW and prioritize economic considerations over noneconomic ones. Although image theory has not been applied in the study of family businesses, it is likely useful for understanding decision-making in family businesses in that it allows for the consideration of both economic and noneconomic factors in the decision process.

3. Screening processes in family businesses

Image theory suggests the adoption of a decision is a two-step process that first involves eliminating unacceptable decision candidates (i.e. possible decision) through a compatibility test (Beach, 1998). The test is performed by sequentially and often subconsciously comparing decision candidates against three images, starting with the value image, then the trajectory image, and finally the strategic image (Beach, 1998; Lee and Mitchell, 1994). Although Beach (1998) acknowledges that a description of the images is the “least well-developed feature” of image theory, the three images are broadly described as follows: value images pertain to general values and principles, trajectory images relate to previous goals and strategic images pertain to the tactics and strategies used to pursue those goals (Beach, 1993).

When performing a compatibility test, the decision-maker goes through a script-driven schematic process that determines whether a decision candidate violates the criteria of any of the above three images. According to Beach (1998, p. 266), “decision candidates are assumed to be acceptable until violations prove otherwise.” Thus, the decision-maker looks for evidence that the decision candidate is not compatible with an image (Beach, 1998). Beach (1998) adds three important guidelines about the compatibility test. First, certain violations may weigh more heavily than other violations. Second, the ways in which a decision candidate may be compatible with an image cannot compensate for ways that the decision candidate violates an image. Finally, if there is a lack of information about the decision candidate, then the decision candidate is less likely to survive the compatibility test.

3.1 Step 1: the compatibility test

3.1.1 Value images. Value images consist of a decision-makers’ principles, which are imperatives or prescriptions that are typically shared within a culture (Beach, 1990). Decision-makers’ principles reflect their values, ethics and morals (Beach, 1990, 1998; Lee and Mitchell, 1994). Beach (1990, p. 40) states that “most of the fundamental principles that determine the course of adult behavior” are acquired during childhood. One feels intrinsic pleasures when they get, do, or make something that promotes or complies with their principles. According to Beach (1990, p. 40), “later additions to, and deletions from, the value
image are as rare as they are difficult.” Thus, principles have a prevalent role in shaping decisions (Amis et al., 2002). Indeed, principles factor into the decision process as a decision-maker initially questions “why” a possible decision should be made (Beach, 1990, 1998). Relative to the other two images, value images are particularly important because they motivate the entire decision process (Beach, 1990).

Within the organizational context, a value image reflects the organization’s principles, comprised of shared culture, beliefs and values among organizational members, and creates imperatives for the behavior of an organization (Beach, 1998; Weatherly and Beach, 1998). When members of an organization screen a decision candidate using the value image, they consider “who we are” and “what do we stand for” (Weatherly and Beach, 1998). Put simply, the value image represents a set of criteria to measure the “wrongness” of a decision candidate (Beach, 1998).

Values and principles may be even more salient in the schemata of a family business. Indeed, values are often strong and strictly adhered to in family businesses (Chrisman et al., 2005; Chirico et al., 2011; DeTienne and Chirico, 2013); “family first” values inform family business decision-making with regard to systems and processes (Peterson and Distelberg, 2011). Family firms are often based on principles that transcend profit motive and efficiency concerns. Indeed, family businesses are infused with values and interests that are unique to organizations formed around kinship ties (Corbetta and Salvato, 2004; Chrisman et al., 2005). In addition, a family business’s culture is typically strong and underpinned by core values set by the founder, leading to what Denison, Lief, and Ward (2004, p. 68) term a “cultural advantage” over non-family firms.

Although there are many family business principles, one common belief appears to be that parents should provide opportunities for the family. Indeed, a common reason why a family business is created is to provide independence and freedom for the founder’s family. As Kaye (1999, p. 108) suggests, “A measure of parents’ success is the extent to which they create opportunities for their children, enabling the next generation to start their adult lives with an advantage over other young adults in the same society.” Similarly, Dyer and Handler (1994, p. 72) note that a family business may be created because “the parents were interested in providing opportunities to help their children develop their skills and learn to accept responsibility.” As indicated in Figure 1, the underlying principle motivating the

<table>
<thead>
<tr>
<th>Question</th>
<th>Focus</th>
<th>Examples</th>
<th>What it explains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why?</td>
<td>Family values/principles</td>
<td>“Parents should provide the best opportunities for their family”</td>
<td>Creating the family business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Parents should set their children up for success.”</td>
<td>Employing direct descendants/family</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“We wish to pass a viable business to the next generation”</td>
<td>Resisting the sale of the family business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“We wish to maintain (majority) family control of the business”</td>
<td>Maintaining control of the family business (resist professionalization)</td>
</tr>
<tr>
<td>How?</td>
<td>Family strategies/strategic plan</td>
<td>“We will minimize business risk”</td>
<td>Conservative decision-making</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“We will train and involve family members”</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1. Family strategy examples
creation of a family business may be that “parents should provide the best opportunities for their family,” or “parents should set their children up for success.”

Strategic decisions screened against the value images are more likely to be favorably screened if the family perceives that the decision will directly or indirectly create opportunities for their children. Starting the family business would ostensibly create opportunities for family members; thus, the initial decision to form a family business is likely to be favorably screened against the value image. However, there are many other strategic decisions that may also be favorably screened against the value image. For example, portfolio entrepreneurship, cases where an owning family has majority or minority ownership stakes in two or more independent businesses (Westhead et al., 2005), is a common strategy in family businesses (e.g. Carter and Ram, 2003; Minola et al., 2016). Carter and Ram (2003) argue that family businesses may engage portfolio entrepreneurship to create a greater number or quality of opportunities that will accommodate the succession of multiple siblings of an expanding family. In this case, a family’s value image of providing the best opportunities would allow the family to expand into a new business if the expansion led to more or better opportunities for the family.

On the other hand, decisions that would remove opportunities for family members or a family member’s descendants are unlikely to survive past the family’s value image. Indeed, the literature offers evidence that family businesses are slow to make divestment decisions even when facing impending failure (Chirico et al., 2018). In addition, family businesses may resist the sale of the firm to a non-family member, even at a premium, in the face of business failure (Zellweger et al., 2012). Thus, decision candidates that may eliminate opportunities for family members (e.g. the reduction or closure of the family business) are often automatically eliminated – to the extent that family business decision-makers may not even consciously consider such options as viable possibilities. As Figure 2 suggests, when a potential strategic decision emerges, family businesses screen the decision against the family’s principles. Decisions that are not favorably screened against the family’s principles (e.g. strategies that will not directly or indirectly create opportunities for the family) are more likely to be rejected:

\[ P1a. \text{ Strategic decision candidates are first screened against principles of the family business.} \]
\[ P1b. \text{ Strategic decision candidates that are unsuccessfully screened against the principles of the family business are rejected.} \]

As explained in the next section, decision candidates that are successfully screened through value images then proceed to screening using the next set of images – trajectory images, which refer to the decision-maker’s goals and agendas consistent with the anticipated future (Beach and Mitchell, 1987).

3.1.2 Trajectory images. Goals factor into the decision process when a decision-maker considers what possible decision should be made (Beach, 1998). Trajectory images, therefore, represent a decision-maker’s hopes for the future, or goals (Beach, 1998). Within the organizational context, a trajectory image reflects the concrete and abstract goals that the organization is trying to attain (Weatherly and Beach, 1998). When members of an organization screen a decision candidate using the trajectory image, they consider “where are we going, and what are we trying to become?” Acceptable goals should, therefore, contribute toward the realization (or at least the advancement towards the realization) of the trajectory image (Beach, 1990). According to Beach (1998), the goals and actions that would be adopted if a decision candidate was accepted must not contradict a decision-maker’s goals; if they do, the decision is considered unacceptable. The family business literature supports this view because family interests and values are considered integral components
of a family business's goals and strategies. A common future viewpoint among first generation family businesses is that future generations will be employed in the family business (Kets de Vries, 1993). Family members often perceive that the family business is part of their identity and view it as the family's most important creation that should be preserved for future generations. Therefore, a top goal of family members is ensuring that the business will survive so that it may be passed onto the founder's descendants. Thus, as indicated in Figure 1, the underlying goal behind the existence of the family business may be "passing a viable business to the next generation" or "maintaining (majority) family control of the business."
The family’s desire to retain control of the business is a recurring theme in the family business literature (e.g. Kets de Vries, 1993; Fang et al., 2017; Gedajlovic and Carney, 2010). Family owners are reluctant to empower nonfamily managers because nonfamily managers could create conflicts of interest or a deviation away from the family owner’s visions and goals (Berrone et al., 2012). In addition, family members may perceive that the employment of nonfamily managers will lead to rapid changes (DeTienne and Chirico, 2013; Tabor et al., 2018). Accordingly, family firms may resist professionalization, or hiring full-time non-family employees with managerial discretion (Fang et al., 2017), because doing so reduces family control over the business, potentially reducing the SEW the family can derive from the business (Chua et al., 1999).

Because preservation of SEW, risk aversion and, ultimately, ensuring continued family control are important for family businesses, trajectory images may be manifest in resisting professionalization (Stewart and Hitt, 2012). Indeed, as professionalization could be deemed counter to the family business’s envisioned future of passing the business to a descendant, it is suggested that family businesses will be less likely to pursue opportunities that require professionalization, such as hiring a non-family manager. Therefore, strategic decisions that are unlikely to survive the trajectory image schemata include strategies that result in the family losing control of the business. When an opportunity requires significant professionalization, it likely violates the trajectory images of the family business because pursuing that opportunity could threaten the continuance of the family business to future generations.

As family firms enter new markets or offer new products, the requisite skills, knowledge and qualifications of non-family employees are increasingly necessary (Fang et al., 2017; Gedajlovic and Carney, 2010). In turn, as the number of professionalized managers grows in family-owned businesses, there is increased likelihood that a non-family member will be selected as the successor, thereby threatening the continuance of the family business (Chua et al., 2009). This line of thought has been used to explain why family businesses are, on average, less likely to pursue entrepreneurship activities, such as mergers (Gomez-Mejia et al., 2010), diversification (Anderson and Reeb, 2003), acquisitions (Miller et al., 2010), expansion (Chrisman and Patel, 2012) and R&D expenditures (Chrisman and Patel, 2012). Alternatively, in pursuing opportunities that match the family business’s dominant coalition’s schemata, a family business may not need to hire outside the family pool of labor to acquire the needed skills for the new venture. However, if an opportunity provides greater SEW or reduces risk, thereby increasing the opportunity for the continuance of the family business, it is more likely to be affirmatively screened against trajectory images:

**P2a.** Strategic decision candidates that are successfully screened against the principles of the family business are then screened against the family’s goals.

**P2b.** Strategic decision candidates that are unsuccessfully screened against the goals of the family business are rejected.

As explained in the next section, decision candidates that are successfully screened against trajectory images proceed to be screened using the next set of images – strategic images, which refer to the plans, tactics and forecasts used to achieve the long-term goals of the trajectory image (Beach, 1990, 1993).

**3.1.3 Strategic images.** Beach (1990) states that goals along the trajectory image are sometimes explicitly or implicitly packaged with a plan to achieve the goal. In any case, soon after a decision-maker adopts a goal, he or she formulates a plan for achievement (Beach, 1998). Plans factor into the decision process when a decision-maker considers how a possible decision would be implemented (Beach, 1998). Although they are not necessarily carved in stone, the list of steps necessary to reach the goal are considered by the decision-maker when
he or she devises plans (Beach, 1990). Within the organizational context, a strategic image reflects the organization’s strategic plan, or blueprint of actions that will be used to accomplish the organization’s goals (Weatherly and Beach, 1998). When members of an organization screen a decision candidate using the value image, they consider “how are we striving to achieve the goals that constitute our vision?” (Weatherly and Beach, 1998). In family businesses, strategic images serve as schematic devices for decision-making around which methods are appropriate for obtaining desired goals. Hence, family businesses develop images that underpin which business strategies and tactics are acceptable and in the interest of the family. An example of a strategic image that would be consistent with a trajectory image of “retaining family control” may be passing full or partial control of the family business to a particular family member at a particular time. For instance, if there is a plan to pass the family business to the eldest child on his or her 21st birthday, a decision that aligns with achieving that plan is likely to be affirmatively screened against the strategic image. Giving the child leadership experience before his or her 21st birthday by managing an expansion into a new region, for example, may be deemed compatible with the strategic image.

On the other hand, altering the strategic plan set by the founder is much less likely to be affirmatively screened against the strategic image. Indeed, the literature suggests that family businesses resist adjusting the founder’s original business model. Image theory points to the importance of an organization’s culture in allowing changes to the strategic plan. Indeed, Weatherly and Beach (1998, p. 223) write that “organizational change, at best a difficult task, may be greatly complicated by the fact that a significant change almost always requires cultural change.” Indeed, Beach (1998, p. 9) states that while image theory concentrates on “the individual making up his or her mind […], the result may later be changed or overridden when presented to others.”

The family business literature suggests that the culture of family businesses makes it very likely that a proposal for needed reform, or a decision involving a change to the business’s strategic plan, will face resistance (e.g. Chirico et al., 2018; Salvato et al., 2010). The family business literature suggests that family members’ often strict adherence to the founder’s values and business formula makes major change a seldom realized reality (Arregle et al., 2007; Chirico et al., 2018; Zahra, 2005). Instead, family businesses often suffer from escalation of commitment in light of declining business performance (Chirico et al., 2018; Dhaenens et al., 2018). Simply put, family businesses repeat routines that worked in the past even if the specific challenges the family business presently faces have changed (Chirico et al., 2018; Salvato et al., 2010; Zahra, 2005). Salvato et al. (2010) suggest that the biggest factors that inhibit change in family businesses include: the business’s past success, which can make family members feel that the organization is invulnerable; commitment to continue the founder’s business; and a feeling of personal responsibility to continue the family business and avoid the negative consequences of failure, such as loss of power, visibility, status and reputation.

Thus, for example, if a strategic decision candidate involves entering an industry in which the family business’s dominant coalition lacks experience or knowledge, it may require behavior and tactics that involve deviation from the founder’s strategic plan. On the other hand, a strategic decision candidate involving the family firm’s existing industry, where managerial skills and experience of the firm’s dominant coalition would be more easily extended to the new venture, is more likely to align with a family business’s strategic images. When this alignment occurs, the opportunity is more likely to be screened as appropriate because the strategy can meet the criteria of SEW preservation and continuance without requiring significant change to the strategic plan set by the founder:

\[ P3a. \] Strategic decision candidates that are successfully screened against the goals of the family business are then screened against the family’s strategic plans.
3.2 Step 2: the profitability test

Although image theory accounts for the role of schematic and reflexive aspects of the decisions process, it also conceptualizes the point at which conscious choice takes place. When multiple decision candidates survive the selection process, a profitability test occurs (Beach, 1998; Lee and Mitchell, 1994) whereby the decision-maker selects the best surviving decision candidate (Beach, 1998). According to Beach (1998, p. 16), the surviving decision candidate that is selected “is the one that offers the greatest potential for a correct choice at the lowest cost in terms of time, effort, and (sometimes) money for using the strategy.” In other words, whereas a compatibility test (i.e. a decision-maker screens a decision candidate against the three images) occurs via a schematic process, the profitability test consciously considers outcomes (Beach, 1998). In the family business setting, the most compatible decision candidate with the family’s values, culture, goals and plans is likely to be chosen (Weatherly and Beach, 1998):

P4. Family businesses select the best surviving strategic decision candidate.

Selection of the best strategic decision candidate is not the end of the process, however. Once a decision-maker identifies the best surviving decision candidate, it is compared against the status quo (Lee and Mitchell, 1994). The status quo is considered the anchor or baseline against which all potential change is evaluated (Beach, 1990). In the family firm context, engaging in the risky behavior of plotting a new strategy will be undertaken if it compares favorably against the status quo:

P5. Family businesses compare the surviving strategic decision candidate against the status quo.

P6a. Strategic decision candidates are adopted when they are more attractive than the status quo.

P6b. Strategic decision candidates are rejected when they are less attractive than the status quo.

3.3 Revising trajectory or strategic images

Generally speaking, family businesses avoid making drastic changes to the business’s strategy unless it is necessitated by a substantial failing (e.g. Chrisman and Patel, 2012; Salvato et al., 2010). Although research suggests it may be hard for family businesses to acknowledge when those changes are absolutely necessary (Chirico et al., 2018), when necessary change is acknowledged, they are able to consider revisions to the firm’s goals and strategic plans (e.g. Chrisman and Patel, 2012; Gomez-Mejia et al., 2010). Thus, research suggests that under certain conditions, family businesses may revise their trajectory or strategic images. In other words, images are stable but may change under the right circumstances.

Within the family business context, the literature identifies several cases where family businesses embrace changes. In fact, as economic risks increase for family firms, the likelihood of SEW considerations taking precedence over economic considerations decreases, and family firms start behaving more like non-family firms (Chrisman and Patel, 2012). Thus, when business risk increases, the family is willing to enact more risky strategies, such as diversifying into new geographic regions, if needed to preserve SEW (Gomez-Mejia et al., 2010). Similarly, if the family business performance falls below the family’s aspiration levels,
decision-makers may take action to address the incongruity by altering their strategies and tactics by increasing R&D investments (Washburn and Bromiley, 2012).

Next, family businesses may change images naturally with the passing from one generation to the next. Family composition evolves due to a variety of reasons such as marriage, divorce and the addition of children to the family, and may lead to changes in family resources, as well as family member roles and relationships (Aldrich and Cliff, 2003). On the other hand, change may be inhibited by the presence of the senior generation. Finally, family businesses may be more willing to revise images if there is a change agent within the family. Weatherly and Beach (1998, p. 223) write that “techniques for easing organizational change may best be centered on ways of inducing cultural change, perhaps through appropriate design of a vision that will save the most important parts of the culture and change the peripheral parts.” Indeed, in Salvato et al.’s (2010) study, they found that having a strong change agent within the family who helped to preserve the family business’s “institutional identity” while embracing the “entrepreneurial spirit” of the family helped overcome resistance to change:

P7. Family businesses may modify their trajectory and strategic images.

4. Discussion
This paper draws attention to the logical contradiction between the implications of SEW theory, which suggests that family firms will avoid accepting strategies that could expose the family to additional risk, and the empirical reality that sometimes family firms actively execute risky strategies. Although recent advancements of SEW and the mixed gambles approach acknowledge that more risky strategies become more attractive when family firms are facing business failure and thus have “nothing to lose,” there are still many cases where successful family businesses opt for greater risk with respect to strategic decisions. In addition, it is difficult for SEW to reconcile the fact that family businesses are sometimes slow to change or discontinue poor-performing strategies even when doing so may help preserve SEW. Therefore, a need exists to better understand the mental heuristics through which family owners consider adopting strategic decision opportunities.

Image theory provides an avenue for resolving the apparent contradiction between SEW preservation and the selection of strategic decisions options involving risk. Unlike SEW, image theory accounts for the fact that decision-making within family businesses may not always be rational, taking into account that there are aspects of the decision process where decisions are made automatically and situations where decisions are made with missing or incomplete information. By drawing upon image theory, the aim is to contribute to the literature by positing that it is not just the overall risk-to-SEW of the strategic decision candidate that matters (and also the ability of the family business leader to properly assess that risk), but also the fit of the candidate with the family’s principles, goals and strategic plan (by way of the value image, trajectory image and strategic image, respectfully). In this way, the strategic decisions of family businesses are driven by SEW, but in a more nuanced way. The model presented here suggests that SEW alone tells only part of the story. Integrating a consideration of family firm images with SEW provides a fuller explanation of family firm strategic decisions.

4.1 Theoretical implications
The theory of the family firm is based on the notion that such firms exist because of the “reciprocal economic and non-economic value created through the combination of family and business systems” (Chrisman et al., 2005, p. 557). The core of this theory is that significant differences exist between firms that derive such value (family firms) and firms that do not (nonfamily firms). While a great deal of theorizing expresses the ways in which
family firms differ from non-family firms, a model based on image theory contributes to a
greater understanding of the risky decisions made by family firms by considering the
screening that takes place within family firms when strategic opportunities are faced. In
particular, the paper highlights how and when SEW and risk aversion considerations might
manifest in the value, trajectory and strategic images of family businesses and how they are
used to screen strategic opportunities.

This conceptual work has implications for understanding the overarching importance of
SEW in family firm decisions, as well as circumstances where SEW may become less
important. SEW has been linked to operational and strategic decisions such as variation in
R&D investment (Chrisman and Patel, 2012), corporate social responsibility programs (Cruz
et al., 2014) and succession (Gomez-Mejia et al., 2011). However, the model presented here
suggests SEW considerations reach beyond operational decisions within the firm and also
weigh heavily in a family business strategic decisions. The images that serve as
subconscious criteria for strategic decisions are intended to protect the family’s values and
identity as well as influence strategic decisions in family businesses. Thus, the theory takes
steps toward integrating SEW and strategic decisions by suggesting that family businesses
may seize strategic opportunities if they match the images of the family business’s
dominant coalition. The theory also sheds light on the role of family business heterogeneity.
Specifically, family businesses that place lower importance on SEW (e.g. if the founding
generation no longer participates in management) will have more relaxed noneconomic
screening criteria and be more likely to pursue opportunities in a fashion similar to
nonfamily firms.

This paper also extends image theory by expanding the decision-maker frame of
reference beyond a single individual to the dominant coalition of the family. It has been
noted that image theory has historically considered a decision-maker as an individual acting
alone. In fact, Beach (1998) notes that the theory does not consider groups to be capable of
making decisions. However, Beach (1998, p. 9) acknowledges that “most decisions are in fact
made in concert with others, be it a spouse, a friend, a business colleague, or whomever” and
reconciles these statements by noting that groups are contexts in which individual group
member decisions may be consolidated to form a group product (Beach, 1998; Beach and
Mitchell, 1990). However, in family businesses there is overlap between the family and the
business. Thus, in this context, it may be less likely that decision-makers act alone and more
likely that the family shares similar images. When organizational members broadly share
images, the decisions they make will be compatible – even if they do not deliberately
coordinate (Weatherly and Beach, 1998). Similarly, Weatherly and Beach (1998, p. 213) write
that “the key element is the extent to which culture is shared among an organization’s
members and the implications of this for decision-making within the organization,
particularly for acceptance or rejection of proposed courses of action.” Thus, the family
business is a unique and appropriate context for the application of image theory, and due to
the possibility that family members (of a cohesive family) share images, family businesses
may hold certain advantages over non-family businesses.

4.2 Directions for future research
Although the proposed framework helps initiate a fuller examination into the decision
heuristics employed by family businesses, there remains much work to be done. One
important issue is the type of “shock” that precipitates the possible adoption of a new
strategy. Image theory does not distinguish the type of shock that may trigger the
consideration of a new strategy. Lee and Mitchell (1994) consider shocks as “jarring events,”
and consider how an individual’s turnover decision process may differ from a job-related
shock, an external shock, or no shock at all. Family businesses also face many shocks. For
example, a family member integral to the business might pass away, thereby necessitating
changes to the strategic plan and in turn the family’s strategic image. Consequently, a given strategy may be screened differently following jarring events such as changes to family composition. Future ethnographic and other qualitative research would be particularly useful in examining this phenomenon.

The strategic behavior of the family firm will depend on the unfolding of the succession process if the firm continues into future generations. First-generation family owners may have slightly different goals and priorities than subsequent generation family owners (Gersick et al., 1997). For example, first generation family owners place less emphasis on succession planning (Sonfield and Lussier, 2004) and should have more consistent images due to concentrated ownership. The extent of the family’s involvement may also come into play, as greater family involvement is associated with lowered risk of failure (Revilla et al., 2016), and also with more extensive succession planning (Sharma et al., 2003). Subsequent generations often experience greater ownership dispersion which should lead to more variety in the value, trajectory and strategic images than those of first-generation owners. The expansion and increased variety of images, in turn, may result in the pursuit of broader strategic opportunities. However, it is also possible that over time, decision-makers in the family business continue to narrow their array of images, yielding an increasingly restricted set of screening criteria that significantly constrain the creativity or novelty of future decisions. If the schemata and images remain constant, the family business may experience structural inertia creating missed opportunities that generally fit with the family’s aspirations and SEW concerns. A consideration of where the tipping point at which family businesses abandon images, or conversely narrow images, could prove useful in this regard. McLarty et al. (2019) examined the interplay of family identity and SEW importance in employee performance; a similar analysis of SEW importance and family inspirations might further extend theory.

On the other hand, managerial turnover is likely to introduce new screening images that affect strategic behavior, thus reinvigorating business creativity. For example, after the Disney Company – a family firm – installed Michael Eisner as CEO in 1984, an era began that returned Disney to profitability through the expansion into new industries such as broadcast television (ABC), sports (ESPN), cruises, R-rated movies (Miramax), and even nightclubs and bars (Pleasure Island). For this reason, family firm scholars should consider the role that family succession and managerial turnover plays on the maintenance of images. Future research would be helpful to determine if succession and/or turnover results in new images added to the family business’s schema, or if succession and/or turnover, instead, usher chaos and in-family fighting, thereby creating a contradicting set of images. Although family dynamics are a driver of turnover in family firms (Vardaman et al., 2018), a greater understanding of the role of images is needed.

Finally, this theory can be tested via new measures or via proxies. Developing instruments that measure the images of family businesses would foster studies of the impact of these images both on decision-making and other important phenomena. Developing such instruments is important because it could provide sound empirical support for studies focused squarely on images. Future research should develop measures of value, trajectory and strategic images. Proxy measures could also be used to test these propositions. This practice is common in strategy research, and variables related to the firm’s attributes and past behavior could serve as factors that serve as proxies for the variables in this paper’s propositions.

4.3 Concluding remarks
This paper is motivated by a need to consider the decision heuristics used by family businesses by noting the contradiction between SEW theory’s prediction that family businesses are loss averse and the reality that family businesses sometimes engage in more
risky strategies. The issue is raised that family businesses may not always consciously consider a strategic opportunity, and when they do, they may lack information about the decision’s potential impact upon the family’s stock of SEW. Image theory is applied by suggesting family businesses screen strategic opportunities against the family’s principles, goals and strategic plan (using the value images, trajectory images and strategic images, respectively). Family businesses may take a longer-term perspective and may accept possible SEW losses associated with a strategic decision candidate if the strategy enables new opportunities for the family in the future.

References


Beach, L.R. (1990), Image Theory: Decision Making in Personal and Organizational Contexts, Wiley, Chichester.


Further reading


Corresponding author
Laura Marler can be contacted at: lmarler@business.msstate.edu

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Socioemotional wealth and performance in private family firms

The mediation effect of family commitment

Mohammad Rezaur Razzak and Suaad Jassem
Faculty of Business and Accountancy,
University of Malaya, Kuala Lumpur, Malaysia

Abstract
Purpose – Although family business literature acknowledges that family firms owners are motivated by a set of socioemotional wealth (SEW) goals along with firm-centric business goals, yet a consistently predictable pattern of relationship between SEW and financial wealth is yet to be discerned. The purpose of this paper is to propose a theoretical model based on the stakeholder approach to suggest that family commitment mediates the association between the dimensions of SEW and firm performance.

Design/methodology/approach – A set of hypotheses are proposed that are tested using structural equation modeling with data collected from 357 medium to large sized privately held family firms in Bangladesh. The data analysis is done with SmartPLS (v.3.2).

Findings – The results indicate that family commitment partially mediates the relationships between family control and influence, family identification, emotional attachment and renewal of family bonds through dynastic succession and firm performance. The only non-significant relationship was between binding social ties and firm performance. The results provide a more nuanced understanding of the link between SEW goals and firm performance, and present important implications for theory and practice.

Research limitations/implications – The cross-sectional nature of the study exposes it to the specter of common method bias despite the fact that procedural remedies were initiated to minimize the impact of such occurrence. A longitudinal study with data obtained from multiple individuals at different levels of the organization would possibly yield more robust findings. Furthermore, in the absence of a multi-country and multi-sector analysis, a broad generalization of the findings may not be feasible.

Practical implications – The knowledge that family identity, emotional attachment and renewal of family bonds through dynastic succession may be leveraged to enhance the commitment of subsequent generation of family firm owners to the firm that may be pertinent to incumbents who desire to see their successors more engaged in the family enterprise. Furthermore, knowing that excessive focus on family control over the firm leads to negative outcomes is also pertinent to family firm leaders.

Social implications – Survival of family businesses is vital to the global economy as one of the primary drivers of global GDP growth and source of new employment. Policy makers can benefit from the findings of this study to customize policies that take into cognizance the importance of SEW owners of family firms and the fact that some of these SEW goals actually benefit the firm in terms of enhanced commitment to the enterprise and consequently superior firm performance.

Originality/value – The role of family commitment as a mediator between SEW and firm performance has not been dominant in the literature. By providing a finer-grained understanding of how family commitment accounts for the relationship between family-centric non-economic goals such as SEW and firm-centric goals such as business performance, the study presents a theoretical link between sociomemotional wealth and financial wealth in the context of private family firms.

Keywords Family commitment, Firm performance, Socioemotional wealth

Paper type Research paper

1. Introduction
Family business literature acknowledges that family-owned businesses are distinct from business organizations not explicitly controlled by a family coalition, due to their pursuit of socioemotional wealth (SEW) goals in parallel with financial wealth goals (Chirico et al., 2018; Gomez-Mejia et al., 2011). SEW is a multi-dimensional construct that represents family-centered non-economic (FCNE) goals of family business owners (Gomez-Mejia et al., 2007;
Laffranchini et al., 2018). However, the relationships between SEW and economic goals of family firms such as firm performance are still not linked in a clear and predictable pattern (Martin and Gomez-Mejia, 2016; De Castro et al., 2016). Review articles indicate mixed findings of prior empirical studies (O’Boyle et al., 2012; Xi et al., 2015; Wu, 2018), and the causes of such conflicting research outcomes have been attributed to several sources such as lack of uniformity in definition of what constitutes a family firm, challenges in measuring the SEW construct and possible missing mediators and moderators not considered in previous empirical works (Chua et al., 2012).

While previous empirical works depended on distal proxies to measure SEW, the direct measurement of SEW is a more recent development due to the efforts of scholarly works (e.g. Berrone et al., 2012; Debicki et al., 2016; Hauck et al., 2016; Prugl, 2019). Despite these developments, theoretical link between SEW and business performance of private family firms requires further investigation to arrive at a clear and predictable relationship between the two phenomenon (Martin and Gomez-Mejia, 2016; De Castro et al., 2016; Torchia et al., 2018). Some studies suggest that the above link is mostly likely mediated by pertinent variables that reflect collective behavior of family firm owners, such as family commitment (e.g. Razzak et al., 2018).

Family commitment has been suggested to reflect the collective willingness (disposition) of family business owners to commit resources, time and effort to the family enterprise (De Massis et al., 2014, 2016). Surprisingly, except for a few studies (e.g. Hatak et al., 2016; Razzak et al., 2018; Zahra et al., 2008), this important construct has been more or less overlooked in prior empirical works especially in efforts to discern the linkage between SEW and firm performance. Yu (2009) while investigating dependent variables in family business research deployed an expert panel comprising of 30 prominent authors in family business studies to rank the most important variables in family business research that warrant further investigation. The outcome of the expert panel consultation placed family commitment as the highest ranked variable that warranted further academic inquiry.

The development of a theory of family business has been a vaunted goal of family business researchers; however, such a “home-grown” theory remains an unfulfilled goal (Cruz and Arredondo, 2016; Zahra, 2016). One of the impediments has been establishing a predictable link between family-centric non-economic goals such as SEW with the collective behavior of family firm owner-managers and firm-centric goals such business performance. Therefore, a more nuanced understanding of how dimensions of SEW relate to collective behavior such as family commitment and firm performance is deemed necessary.

Hence, the research questions that this study aims to address are:

**RQ1.** Does family commitment account for the relationship between dimensions of SEW and firm performance as a mediator in the context of private family firms?

**RQ2.** If so, what aspects of SEW can potentially aid family firms in achieving superior business performance, and what aspects are likely to lead to detrimental consequences for performance?

The arguments are grounded in a broad stakeholder approach proposed by Zellweger and Nason (2008) that considers the various stakeholder groups in family firms, as well as relationship between different outcomes of pursuing SEW-related objectives for these stakeholder units. To answer these questions, this paper develops and tests a model illustrating the unique influence of the five FIBER dimensions of SEW (Berrone et al., 2012) on the performance of family firms through family commitment as a potential mediator. The current study is based on evidence from privately held family firms in Bangladesh that are involved in manufacturing of export-oriented ready-made garments (RMG).
2. Review of literature

The academic discourse on behavioral stream of family business research suggests that the studies have branched out into three streams; essence of the family (Chua et al., 1999), familiness (Habbershon et al., 2003) and SEW (Gomez-Mejia et al., 2007). The majority of the recent academic publications have leaned toward the SEW paradigm (Shen, 2018; Llanos-Contreras and Jabri, 2019).

2.1 Socioemotional wealth

SEW is considered as a set of family-centric non-economic goals, that stipulates that the pivotal reference point in decision making in the context of family firms is the preservation of SEW, and the firm owners would be risk-averse when it comes to any potential loss of the family’s social or emotional capital, even if it means making economic sacrifices to preserve their SEW endowments (Gomez-Mejia et al., 2007; Martin and Gomez-Mejia, 2016; Shen, 2018; Nemeth and Nemeth, 2018). Some family business scholars went further to assert that the SEW approach as a promising paradigm in family business research and advocated the importance of its further development (Berrone et al., 2012; Xi et al., 2015; Daspit et al., 2017; Santulli et al., 2019). However, in spite of the SEW theory getting substantial attention in the field of family business research, scholarly findings are yet to arrive at a consensus on what are its consequences for collective vision, behavior and strategies adopted by the family managers? And how such outcomes equate with financial wealth goals? (De Castro et al., 2016; Romero and Ramirez, 2017; Rousseau et al., 2019; Wu, 2018; Nason et al., 2019).

The SEW paradigm has drawn a lot of traction in the behavioral stream of family business research as evidenced by the numerous publications in top tier journals (Cruz and Arredondo, 2016). However, the majority of the empirical studies on SEW faced the challenge of measuring the construct directly, and utilized mostly indirect proxy measures (Schulze and Kellermanns, 2015; Miller and Le Breton-Miller, 2014; Prugl, 2019). A significant impetus to the study of the SEW construct was given by the development of direct scales to measure this family-centric non-economic phenomenon (Debicki et al., 2017; Prugl, 2019; Razzak et al., 2019a, b). The most widely adopted scale is the FIBER scale developed by Berrone et al. (2012) where each letter of the word FIBER is an acronym for each of the dimensions of SEW (Table I).

2.1.1 Criticism of socioemotional wealth. Despite the wide acclaim of the SEW among family business scholars, the concept has also been criticized for its inherent limitations. For instance, Kellermanns et al.’s (2012) study on the “dark side of SEW” indicates that not only do negatively valanced dimensions of SEW lead to negative outcomes in terms of proactive stakeholder engagement, but at times family managers knowingly engage in actions that are detrimental to the interest of non-family stakeholders of the firm. Nevertheless, there appears to be insufficient research attention on the negative aspects of SEW.

In a more recent article, Newbert and Craig (2017) argue that SEW has been presented in the extant literature from an instrumental perspective where the primary intended beneficiary of all actions taken by the leaders of the family that control the firm are for the

<table>
<thead>
<tr>
<th>FIBE R</th>
<th>Description of dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Family control and influence over the family firm</td>
</tr>
<tr>
<td>I</td>
<td>Identification of the family with the family firm</td>
</tr>
<tr>
<td>B</td>
<td>Binding social ties with internal and external stakeholders of the firm</td>
</tr>
<tr>
<td>E</td>
<td>Emotional attachment of the family as result of their association with the family firm</td>
</tr>
<tr>
<td>R</td>
<td>Renewal of family bonds through dynastic succession in the family firm</td>
</tr>
</tbody>
</table>

*Table I.* FIBER scale from Berrone et al. (2012)

*Source:* Berrone et al. (2012)
benefit of the family. The authors further assert that any positive impact on non-family stakeholders, as a result of such actions is purely unintended. The core argument made is that the narrative being pursued in most SEW literature should be moved from “I” to “We” aligned with the proposition of Etzioni (1988), meaning that more normative theoretical perspectives should be leveraged when working with SEW.

2.2 Family commitment

Family commitment is not a complex issue to comprehend, but the decision by any individual related to such life-long commitment to an organization may create individual uncertainty and stress (Carlock and Ward, 2001; Hatak et al., 2016; Razzak et al., 2018). Family members usually have to balance between their commitment to the family members who own the firm and their immediate family who may not be directly involved in ownership. Growing up within a family business environment tends to create strong bonds that play a crucial role in the psychosocial perspectives of family members who manage the family enterprise (Razzak et al., 2019a, b). Therefore, family members that choose not to commit to the family enterprise may feel that their bond with the rest of the family is likely to get weaker due to their lack of active participation. In cases where strongest links to the family is through the family firm, such individuals may be reluctant to terminate that relationship even if it does not fall in line with their life pursuits, or they feel that it is not in their best long-term interest (Razzak et al., 2018). Therefore, it is vital for family business leaders to assure family members outside this circle that they are still very much a part of the family.

Commitment to the family business enterprise demands posture and actions beyond mere pledge of fealty (Carlock and Ward, 2001). In fact, it involves a deep and active connection with the firm such that family managers are willing to give a good part of their lives in order to contribute to the firm’s well-being (Klein et al., 2005). Family commitment is an important variable in comprehending behavior and organizational relationships. Astrachan et al. (2002) suggest that this commitment is based on at least three key factors:

1. a strong feeling of connection to the goals and visions developed by the founders of the family firm;

2. an unwavering desire and willingness to contribute to the family organization; and

3. intention for a life-long connection with the family business enterprise.

The above definition indicates that a crucial element of commitment is behavior supportive of the organization’s business goals, not mere peripheral claims of attachment to the family enterprise. Carlock and Ward (2001) state: “Family commitment is based on exploring core values, clarifying a family business philosophy and creating a future vision of the family. There are two equally important elements in the commitment decision: maintaining enough ownership to control the firm (ability) and the willingness to participate and accept the responsibilities of active ownership” (p. 55).

2.3 Firm performance in privately held family firms

Although organizational performance receives wide attention in academic research, there appears to be a lack of consensus when it comes to measuring performance (Venkatraman and Ramanujam, 1986), which may be due to its multifaceted nature. Privately held family firms dominate the global economic landscape (Astrachan and Shanker, 2003) and, have drawn substantial scholarly interest (e.g. Schulze et al., 2003; Stockmans et al., 2010; Westhead and Howorth, 2007; Woods et al., 2012). Nevertheless, it must be acknowledged that obtaining objective firm performance data from privately held family firms are a significant challenge for academic researchers (Dess and Robinson, 1984; Ling and Kellermanns, 2010; McKenny et al., 2012; Westhead and Howorth, 2006).
The challenges of performance measurement of privately held family business organizations often arise from the reluctance of the management of such firms from sharing objective financial data. As a result of this daunting challenge associated with gathering and interpreting financial data obtained from private family firms, academic researchers have to contend with subjective information on firm performance (e.g. Covin et al., 1990; Dekker et al., 2015; Kellermanns and Eddleston, 2006; Richard et al., 2009). As the research objective of the current study requires the measurement of performance in private family businesses, this challenge is relevant to this study.

3. Theoretical framework and hypotheses

The stakeholder theory (Freeman, 1984; Freeman and McVea, 2001) provides a sound platform for predicting linkages between goals, behavior and outcomes in the context of family firms (Razzak et al., 2019a, b; Sharma, 2001, 2003, 2004). Zellweger and Nason (2008) developed an expanded explanation of the stakeholder approach to suit the context of family business research (Debicki et al., 2017). The aforesaid authors proposed four distinct levels of interactions between stakeholders (individual, family, organization and society), and go on further to suggest four typologies of relationships between and among the stakeholder levels (overlapping, causal, synergistic and sub-stitutional).

The stakeholder approach complements predictions about SEW in family firms (Chrisman et al., 2012; Debicki et al., 2017). From this perspective family enterprises are likely to emphasize SEW goals because of the presence of a dominant stakeholder group (i.e. the family) that has family-centric non-economic goals (Debicki et al., 2017; Razzak et al., 2019a, b). Due to the close association between the family and the firm and the desire of the family to protect the identity of both entities, family-owned/controlled businesses are likely to adopt SEW goals and such goals may be a significant drivers of behaviors and firm performance (Razzak et al., 2018; Zellweger and Nason, 2008).

3.1 Family control and influence and family commitment

Family business literature indicates disposition of the family firm owners to maintain control and influence over strategies and operations of their business is a major priority, as family managers perceive control as directly connected with the family’s SEW agenda (Chrisman et al., 2012; Chrisman and Patel, 2012). As an example, the tendency for family controlled firms to be hesitant with regards to professionalizing the family firm (Gomez-Mejia et al., 2011; Dekker et al., 2015), and the higher likelihood of selecting a potential successor to retiring managers from among the family members (Kets de Vries, 1993; Marler et al., 2017), are a few instances of behavioral patterns observed in family firms where the motive is to maintain control and influence over the firm.

The preceding arguments suggest that family businesses are likely to avoid any decisions that may put the family’s control and influence in the firm in jeopardy (Cruz et al., 2014). Literature acknowledges that desire to retain control and influence is a dominant family goal that is likely to impact behavior of key decision-makers in the family (Chrisman and Patel, 2012; Cruz et al., 2014). Therefore, the likely default script for most family-owned business owners would be to maintain control and influence over day-to-day decisions in the business organization.

This study posits that higher degrees of “family control and influence” will lead to negative consequences with regards to family commitment toward the firm’s business goals. This assumption is based on the notion that desire for control and influence over the firm at any cost is also likely to negatively impact performance goals. For instance, emphasis on this dimension of SEW may lead family managers to prioritize employment to family members over more qualified non-family outsiders (Jones et al., 2008), as a result of such decisions the objective of family control will be met at the expense of firm’s business
performance goals. Similar instances may be identified in the case of compensations and promotions, where family members are rewarded because they belong to the family. Such actions are likely to be perceived by non-family employees as acts of nepotism, which not only demotivates existing personnel, but also sends negative signals to potentially bright recruits who may hesitate in joining the firm. When employees perceive lack of organizational justice, they tend to be less engaged which has adverse implications for performance (Ghosh et al., 2014).

Applying Zellweger and Nason’s (2008) stakeholder typology to the above issue, the benefits of pursuing family control and influence goals may be classified as substitutional in nature with regards to family commitment to the firm. The substitutional outcomes may be either or both within the same stakeholder unit or across various stakeholder units. Therefore, Zellweger and Nason’s (2008) substitutional effect is characterized as an outcome, leading to the conclusion that family control and influence primarily benefits the family at the expense of firm, which would imply that high intensity of desire for control is likely to have negative consequences for commitment to the firm and also performance.

However, it needs to be recognized that the above arguments do not imply that family control and influence is always at the expense of the firm’s business goals, as there may be situations where family control and influence positively affects family commitment. For example, control may signal strong and unified leadership that fosters family harmony and cohesion among family members. Such positive outcomes may create a collective sense of stewardship toward the firm among family owners and thus lead to increased commitment to the family firm (Debicki et al., 2017; Dobbins and Zaccaro, 1986; Kidwell et al., 1997).

Nevertheless, the indirect benefits mentioned above are most likely overshadowed by the cost to the firm due to nepotism and may conflict with the expectations of non-family stakeholder groups such as employees, financiers and non-family shareholders. Thus, while it is recognized there may be exceptions and side benefits to family control and influence, this study posits that its net effect on family commitment to the firm is likely to be negative. Therefore, formally stated:

\[ H1. \] Higher intensity of family control and influence will lead to lower intensity of family commitment to the firm.

4. Family identification and family commitment
Owners of family-owned businesses often take pride in identifying with their family enterprise, especially if the firm’s brand value bears a positive social reputation, and the family members are cognizant of the public image of the company because it reflects on the family’s social identity (Dyer and Whetten, 2006). A positive public image of the firm enhances the SEW endowment derived from the firm. Family firm owners also try to inculcate their family values among their employees and other non-family stakeholders, and as the organization grows, often such family values diffuse into the firm’s overall management culture (Gomez-Mejia et al., 2011).

Literature indicates that the preservation of the SEW dimension of “family identity with the firm” plays an important role in the dynamics of decision making in family enterprises (Deephouse and Jaskiewicz, 2013). Studies have shown that family members often develop strong enduring ties with the family enterprise, especially if the firm bears the family name (Dyer and Whetten, 2006). The family firm owners derive sense of self-worth through close identification with the family enterprise (Westhead et al., 2001), therefore they are likely to be sensitive to matters that impact the image of the family and the firm that they try to uphold (Craig and Dibrell, 2006). Furthermore, due to the overlap of identities of the family and the firm, the firm owners are typically more exposed to risks of damage to their public image compared to non-family investors or shareholders if allegations of

Socioemotional wealth and performance
irresponsible social behavior are leveled against the firm (Berrone et al., 2010; Cruz et al., 2014). Hence, it would be expected that family firms are more cautious about being involved in any activities that could dent their public image and reputation (Deephouse and Jaskiewicz, 2013). The salience of family firm owners toward family identification with the firm is likely to have a positive impact on their level of commitment to the firm.

From Zellweger and Nason’s (2008) stakeholder perspective, “Family Identification” satisfies the demands of all the four stakeholder groups (individual, family, organization, society) simultaneously, and the results of pursuing such goals may be considered overlapping. For instance, an individual may derive personal benefits from being part of an organization known for its ethical business practices, generosity to the community through philanthropic activities, and maintaining an image of being a good corporate citizen. Carmeli et al. (2007) suggest that the extent to which family-managers identify with their family enterprise is somewhat comparable to the concept of “employee engagement,” and such identification tends to positively impact task performance. Based on the above discourse, it may be argued that when family firms owners assign high priority to deriving positive family identity because of their association with the firm, they will be engaged with the mission and the collective goals of the organization, and are therefore expected to exert more effort and time to the organization, and ensure that the firm’s reputation is enhanced through its business activities. This suggests that higher intensity in terms of family identification to the firm are likely to be translate into enhanced levels of family commitment. Therefore, formally stated:

**H2.** Enhanced levels of family identification will lead to higher degrees of family commitment.

### 4.1 Binding social ties and family commitment

Family firm owners who prioritize social prominence goals are likely to indulge in actions that forge strong bonds with their stakeholders. They try to develop binding social ties over time through frequent interactions with external stakeholders (e.g. suppliers, bankers, policy makers, regulators and community as a whole). Such interactions may culminate into a strong social support network for the family and the firm that can be disseminated throughout the society (Corbetta and Salvato, 2004; Tagiuri and Davis, 1996). Therefore, this implies that goals related to social acceptance, such as binding social ties of the family firm, can meet the expectations of all the four levels of stakeholders. The positive outcome from such social prominence goal is not limited to the family alone, in fact the firm will also benefit simultaneously. Furthermore, applying Zellweger and Nason’s (2008) stakeholder relationship typology, the outcome of pursuing the SEW goal of binding social ties may be considered as overlapping.

The family firm’s enhanced levels of strong social bonds and community networks – including the regulatory authority, financiers and business community as a whole – benefits the firm’s reputation as a trustworthy name and a reliable business partner. Having such binding social ties and positive image will induce many benefits for the business organization such as priority in being awarded contracts by clients, easier terms of financing by bankers and a social support network in the times of adversity (Arya and Salk, 2006). Additionally, it will lead to improved employer brand value attracting qualified and experienced job applicants (Connelly et al., 2010). Therefore, such binding social networks are advantageous for the firm, and may be leveraged across the firm’s entire value chain (Sirmon and Hitt, 2003).

The SEW dimension of “binding social ties” is expected to lead to positive outcomes for at all four stakeholder levels (individual, family, firm, society). In line with this thought, Arregle et al. (2006) notes that family connections often help the family to conduct beneficial business activities and may be a source of competitive advantage for the firm. Customers
may be inclined to conduct business with a company managed by a family that is known for upholding positive image and strong ties with external stakeholders and are considered a trusted name in the community. Therefore, applying Zellweger and Nason’s (2008) relationship typology, the association between binding social ties of the family and family commitment to the firm may be causal, overlapping and synergistic. In summation, the advantages gained by pursuing goals aimed at building endurable social bonds are expected to reduce costs, create short-term and long-term benefits for the family and the firm and enhance family commitment and consequently firm performance. Therefore, it is hypothesized that:

**H3.** Enhanced levels of binding social ties will lead to higher degrees of family commitment.

### 4.2 Emotional attachment and family commitment

Owners of family firms are likely to derive emotional utilities from several sources. For example, members of the family that are involved in the firm as managers or employees may feel a sense of satisfaction when they walk into their work places every day that bears the family name and a place which was built with the toil and sweat of their predecessors. Family legacy is indeed a source of powerful emotions, and the family members are likely to feel a strong connection with the family enterprise; thus forming an emotional bond within the family and with the firm (Kets de Vries, 1993; Tagiuri and Davis, 1996). Such emotional ties between the firm and the family impacts the collective vision and behavior of family members that are managing the organization (Baron, 2008). The urge to focus on improving the well-being of the family coalition is a powerful motivator in family-owned businesses (Gomez-Mejia *et al.*, 2011).

Therefore, from the Zellweger and Nason’s (2008) stakeholder approach, emotional attachment of the family to the firm leads to enhanced self-esteem and sense of harmony, which will generate synergistic association between emotional attachment of the family with the firm and family commitment to the firm. The preceding arguments suggest that strong emotional attachment of family members as a result of their association with the firm is likely to positively influence commitment to the firm. Thus, it is hypothesized that:

**H4.** Enhanced levels of emotional attachment will lead to higher degrees of family commitment.

### 4.3 Renewal of family bonds through dynastic succession and family commitment

Continuity of the family legacy in the firm is an important distinction between family and non-family firms (Chrisman *et al.*, 2012; Marett *et al.*, 2018; Rousseau *et al.*, 2019). This SEW dimension is related to the satisfaction that family managers derive from being able to contribute to the trans-generational sustainability of family influence over the firm. The priority of this dimension to family business owners cultivates an environment in which family members unite in their vision and work toward family consensus on vital issues. Renewal of family bonds through dynastic succession is about ensuring preservation of the family dynasty in the business organization over multiple generations (Jones *et al.*, 2008), and continuity of family values enshrined by the founding entrepreneurs of the firm. Family business owners value the benefits of this SEW dimension that allows them to maintain the family name and influence of across generations to come (Debicki *et al.*, 2016).

The pursuit of policies to ensure dynastic continuity is likely to enhance sense of accomplishment at both family and individual stakeholder levels. However, current family managers are aware that ensuring trans-generational continuity will depend on the continued success of the business itself. This could indicate that the pursuit of family’s trans-generational continuity in the firm is strongly connected to longer-term performance

Socioemotional wealth and performance
goals, and therefore, families that prioritize this dynastic continuity may be focused on strategies over a long-term time horizon and would be prepared to downplay the short-term performance motivations of non-family stakeholders (Zellweger, 2007). Therefore, the possible impact of priority of family continuity on family commitment and firm performance is likely to be positive.

Considering Zellweger and Nason’s (2008) stakeholder levels of analysis, it may be argued that the relationship between pursuing the renewal of family bonds through dynastic succession and family commitment may be characterized as both causal and synergistic, and in some cases it may also be overlapping. For instance, this continuity goal will motivate family managers to cultivate strong relationships with societal stakeholders to develop and maintain effective support networks from which future generations can benefit. A strong social support network ensures the legitimacy of the family and the firm within the society (Lounsbury and Glynn, 2001). Such positive networks with external stakeholders tend to lead to manifestation of higher levels of commitment to the firm and further enhance performance (Arregle et al., 2007), for instance, actions that absorb the cost of managing complex relationships (Mohr and Puck, 2013).

However, it is also possible that certain components of dynastic continuity goals may have negative impact on commitment and performance. For example, monomaniacal focus on the continuity may lead to decisions that over-ride short-term opportunities in favor of long-term targets (Zellweger, 2007). Such behavior applied by family managers consistently may deprive the firm from short-term opportunities that arise often from business cycles, which have potential for immediate windfall financial gains for the firm. This issue is illustrated in Gomez-Mejia et al.’s (2007) study, where they found that family firm owners were reluctant to join regional cooperatives that offered access to economic benefits in exchange for allowing cooperative members to take part in policy decisions of the firms. Hence, the prioritization of family dynasty in certain situations may have negative consequences for commitment and performance (Chrisman et al., 2008; Jones et al., 2008).

Despite the negative fallouts of certain aspects of desire for family continuity, the potential benefits of pursuing this SEW dimension are expected to outweigh any short-term hazards posed by it, as family firms tend to attract stakeholders that prioritize long-term stability, preservation of family control, and survival of the firm (Poza et al., 1997; Berrone et al., 2014). Therefore, the long-term perspective of family firms is a source of competitive advantage for these organizations (Habbershon and Williams, 1999; James, 1999; Gomez-Mejia et al., 2007). Consequently, in family firms that prioritize such dynastic continuity goals are likely to be more committed to the firm. Therefore, formally stated:

**H5.** Higher levels of emphasis on renewal of family bonds through dynastic succession will lead to higher levels of family commitment.

4.4 Family commitment and firm performance

Keeping alignment with the arguments made in the preceding sections, family commitment should have a direct association with the adoption of strategies that positively impact firm performance. As such, high levels of family commitment to the firm, represents a strong signal that the family has the disposition to follow through on its discretion to ensure firm’s growth and sustainability (Martin and Gomez-Mejia, 2016). This behavior basically translates to the notion that owners of family businesses view their firms as an institution that is an extension of the family, rather than an expendable instrument (Chrisman et al., 2012). Such inclinations are expected to inhibit behavior that generates managerial decisions that positively impact firm performance.

Behavior such as family commitment will impact stakeholders at various levels (i.e. family, firm and society), and is expected to generate positive performance outcomes. This position is
aligned with the findings of Berrone et al. (2010) where the authors showed that when family firms indulge in sustainable business practices involving considerations of the environment, it contributes to long-term positive firm performance. From the Zellweger and Nason (2008) typology of stakeholder relationships, the association between family commitment and firm performance may be considered as synergistic, as the behavior simultaneously benefits the family, firm and society. Based on the above arguments, the following hypothesis is stipulated:

H6. Higher levels of family commitment to the firm will lead to higher levels of firm performance.

4.5 Mediation effect of family commitment

Literature suggests that SEW goals do provide intrinsic rewards to the family firm owners and do affect business performance of the firm, but they are not necessarily directly related to firm performance (Zellweger and Astrachan, 2008; De Castro et al., 2016). This relationship may be indirectly connected through a commitment toward the firm’s growth and sustainability (Razzak et al., 2018). Such family commitment based on need and desire to ensure that the economic needs of the three stakeholder groups (individual, family and the firm) are met (Astrachan and Jaskiewicz, 2008; Zellweger and Nason, 2008).

Therefore, it may be argued that family involvement and ability to influence firm policy and strategies will have a bearing on the ability of the family principals to pursue their SEW goals, and such goals should positively affect commitment to the firm (Chrisman et al., 2012), and that such intention and commitment will in turn lead to a stronger willingness to ensure positive firm level performance outcomes (Razzak et al., 2018). De Massis et al. (2014) suggest that while ability is a necessary condition, implementation requires both ability and willingness and it is intention and a sense of urgency that leads to commitment. Therefore, it can be argued that the extent to which family’s SEW goals influence the adoption of firm-centric performance goals will be determined by extent of family commitment, which is an indicator of a family’s willingness to use its influence in a particularistic fashion (Carney, 2005). As expressed in the set of hypotheses presented below, family commitment should at least partially mediate the relationship between SEW dimensions and firm performance.

Consistent with the framework (Figure 1), this study theorizes that family commitment will mediate the relationship between the antecedent variables (dimensions of SEW) and the outcome variable (firm performance). Five mediation hypotheses are developed to test this proposition. A variable is considered as a mediator when it creates the indirect effect through which the focal independent variable is able to influence the criterion variable of interest (Baron and Kenny, 1986). According to Kline (2005), the mediator variable transmits...
some of the causal effects of prior variables onto subsequent variables. The Table II below presents the mediation hypotheses.

In light of the arguments presented in the previous sections, a research framework is proposed (Figure 1).

5. Research method

As this study requires empirical analysis and hypotheses testing, a positivist paradigm is adopted (Guba and Lincoln, 2005; Aliyu et al., 2014), requiring a quantitative survey method for collection of primary data through a self-administered questionnaire (Rowley, 2014).

5.1 Sampling frame

The hypotheses were tested with data collected from 357 medium-to-large-sized family firms involved in RMG manufacturing in Bangladesh. The names of the companies were available on the website (www.bgmea.com.bd) of BGMEA (Bangladesh Garments Manufacturers and Exporters Association). A sampling frame was available from the above website of 4,365 registered RMG manufacturers. The majority of the RMG manufacturers are privately held companies owned and controlled by families (Khan et al., 2015; Baumann-Pauly, 2017). Therefore, the population from which a sample has been drawn provides an ideal setting for testing the hypotheses.

5.2 Survey instrument and measurements

A survey instrument was developed to measure each of the variables in the research model. The scales to measure each of the constructs have been adopted from research published in established peer-reviewed journals.

5.2.1 Screening for family firms

The most widely adopted definition of family firms deployed in previous empirical studies has been based on Chua et al. (1999), where the authors define a family firm as: “a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” (1999, p. 25).

The above definition has been used in previous studies as a basis for distinguishing between family and non-family firms (e.g. Chrisman et al., 2004, 2007; Debicki et al., 2017; Hauck et al., 2016; Razzak et al., 2019a, b). Procedures used by those authors to operationalize the definition were followed. The constructs included: percentage of the business owned by family members, number of family managers, and expectation that future successor as CEO or managing director will be a family member, operationalized through a categorical yes/no answer.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Hypotheses statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>H7a</td>
<td>Family commitment mediates the relationship between family control and influence and firm performance</td>
</tr>
<tr>
<td>H7b</td>
<td>Family commitment mediates the relationship between identification of family with firm and firm performance</td>
</tr>
<tr>
<td>H7c</td>
<td>Family commitment mediates the relationship between binding social ties and firm performance</td>
</tr>
<tr>
<td>H7d</td>
<td>Family commitment mediates the relationship between emotional attachment and firm performance</td>
</tr>
<tr>
<td>H7e</td>
<td>Family commitment mediates the relationship between renewal of family bonds through dynastic succession and firm performance</td>
</tr>
</tbody>
</table>
5.2.2 Measuring family commitment. To measure family commitment, this study utilized the seven-items scale used by Chrisman et al. (2012), which is a more shortened version of the 12-item F-PEC culture subscale of Klein et al. (2005). The items includes: “family members feel loyal to my business,” ”my family and my business have similar values,” “family members publicly support my business,” “family members are proud to be part of my business,” ”family members agree with the goals, plans, and policies of my business,” ”family members really care about the fate of my business” and ”family members are willing to put in extra effort to help my business be successful.”

This study proposes a minor modification to the scale by expanding the scale to a seven-point scale from a five-point scale. Studies indicate that the five- and seven-point scales produced the same mean score as each other, once they were rescaled (Dawes, 2008). Therefore the anchor points of the scale are (7) strongly agree, (6) agree, (5) slightly agree, (4) neither agree nor disagree, (3) slightly disagree, (2) disagree and strongly disagree (1). The expansion of the scale points was by design to mitigate the possible impact of common method bias (CMB) when the instrument measures the IV and DV with different set of anchor points. According to Podsakoff et al. (2003), such a measure may serve as a procedural remedy for CMB.

5.2.3 Measuring independent variables. To measure family control and influence, family identification, binding social ties, emotional attachment of the family and renewal of family bonds through dynastic succession, the current study adopted the 27-items from the FIBER scale developed by Berrone et al. (2012) to measure SEW. The items of the scale are based on five-anchor points ranging from Strongly Disagree (1) to Strongly Agree (5).

5.2.4 Measuring firm performance. In this study firm performance is measured using an eight-item Likert type scale that considers multiple subjective performance outcomes, including returns, profitability, and growth in comparison to self-imposed targets by the firm’s management. The scale has been adapted from previous studies that utilized subjective performance measures (e.g. Kellermanns and Eddleston, 2006). The responses were recorded on a six-point Likert-type scale (without a neutral option) ranging from “1” (Much lower than our target) to “6” (Much higher than our target). The rationale of applying the six-point scale was to overcome the central tendency error (Cooper and Schindler, 2003). This error could occur when respondents especially in the Asian countries ended up ranking their priority in the neutrality dimension (Trompenaars and Hampden-Turner, 1997). For performance measures in private family firms, this is common practice (e.g. Kellermanns and Eddleston, 2006; Richard et al., 2009; Dekker et al., 2015).

A subjective measure of the above performance indicators was utilized due to the fact that most of the firms in the sample were privately owned family businesses, which are typically reluctant to divulge objective financial information (e.g. Sciascia et al., 2013). As such, subjective measures are often more effective in terms of obtaining a satisfactory response rate (Droge et al., 2004). Furthermore, studies suggest a relatively high level of correspondence between subjective and objective measures of firm performance (Dess and Robinson, 1984; Venkatraman and Ramanujam, 1986). The multi-factor performance assessment is preferred considering the geographically restricted nature of the sample, its size, as well as the firm industry, size and age of firms in the sample (Lechner and Gudmundsson, 2014; Liozu et al., 2014).

5.2.5 Control variables. In order to safeguard the analysis against the impact of factors other than those investigated, two control variables were deployed. Following previous studies (Chrisman et al. 2007, 2009, 2012; Debicki et al., 2017; Razzak et al., 2019a, b), the first control variable is firm size, which was assessed using the natural logarithm of total number of employees in the firm. This control was necessary due to the fact that size may affect performance (e.g. Chu, 2011; Samiee and Walters, 1990). In addition, in larger firms there
may be a greater disparity between the number of family and non-family employees, which may make it more difficult to pursue SEW-related goals and translate them to performance outcomes for various stakeholders.

Second control variable was age of the firm as older and more established firms may enjoy a higher reputation within their communities, have more experience in sustaining family control of the business and have more opportunities within the organization to fulfill the family obligations related, for instance, to family enrichment needs. To account for this potential effect, firm age was assessed by asking the respondents to indicate the year in which the firm was established and subtracting this number from the year in which the survey was administered (e.g. Chrisman et al., 2012).

5.2.6 Instrument pre-testing and pilot survey. Following guidelines by Olson (2010), the survey instrument was placed to a panel of nine individuals. Four of these experts were academics who are currently teaching entrepreneurship and organizational behavior at a reputed public university in Asia. The other five individuals were chief financial officers of family-owned businesses in Bangladesh. The panel suggested minor corrections that were incorporated into the instrument.

Thereafter, a pilot survey (Aguinis and Vandenberg, 2014; Hardesty and Bearden, 2004) was conducted by sending e-mails to 300 CEOs of the firms listed in the sampling frame, that yielded only 16 completed questionnaires were returned by e-mail. The pilot survey sample being small was only helpful in assessing whether it was feasible to collect the data only through sending e-mails. It appeared that the response from e-mail survey will be extremely challenging given the corporate culture that exists especially in developing countries making it a daunting task to collect research data from privately held family firms. In the final survey, the respondents from the pilot survey were excluded.

5.3 Profile of respondents and survey method
The intended respondents for the study were family members at senior management levels such as the CEO, COO, CFO, etc. or any senior family member involved in management nominated by the CEO. The goal of approaching such respondents was to seek information from individuals who had a holistic perspective of family-centric goals as well as the firm’s business goals and strategies.

To administer the survey, the process was implemented in multiple phases. In the first phase e-mails with a cover letter explaining the purpose of the research along with the survey questionnaire, were sent out to the CEOs of all the firms listed in the sampling frame. After sending three waves of e-mails in intervals of 15 days, finally 795 firms acknowledged that they may be interested to respond to the survey, provided they were briefed further on the intent of the survey and assured on confidentiality of the information. In the second step, appointments were sought by telephone with the CEO or anyone nominated by the CEO. Finally, 422 appointments were granted to physically visit the workplace of the respondents to collect the completed survey form. The arduous task of visiting each of these offices deemed necessary to ensure that the instruments were being filled out by respondents that were involved with the family firm in active managerial roles and also related to the firm’s owners. Eventually 416 survey questionnaires were completed and returned.

6. Data analysis
Considering the multiple latent variables in the research model and the exploratory nature of this study, the application of structural equation modeling with partial least squares method (partial least squares-structural equation modeling (PLS-SEM)) is aligned with the recommendations made by Henseler et al. (2014). In this study, the following two softwares
were deployed for data analysis: SPSS (v. 23) and SmartPLS (v. 3.2). The analysis was conducted in two phases. In the first phase, SPSS was used to complete the following tasks: first, data preparation (e.g. coding, checking and managing missing data, monotone response, test for outliers, etc.), second, to generate demographic characteristics of the respondents, third, to compute frequencies, means and standard deviations of the data against each variable in the model, and fourth, to conduct analysis for CMB. SPSS is widely used by researchers for data analysis technique (Zikmund, 2003; Hair et al., 2017; Ramayah et al., 2018).

In the second phase, PLS-SEM using SmartPLS (v. 3.2) was used to assess construct validity and internal consistency reliability of the measurements and to test the hypotheses by evaluating the structural model.

6.1 Data screening and response rate
The data were screened to ensure that the cases qualified as family-owned business. After discarding cases that did not qualify as such, and had more than 25 percent unanswered (omitted) questions, monotone responses, etc. (Hair et al., 2010), finally 357 cases were determined suitable for further analysis. Therefore, the effective response rate was 8.2 percent, which is common experience of researchers when collecting data from privately held companies, as evidenced by the response rate of a study by Sciascia et al. (2014) who had a response rate of 4.1 percent with Italian private family firms.

The Harman’s (1976) single-factor test was applied to assess the common method variance (CMV). The first factor accounts for 22.713 percent of the overall variance, which shows that CMV likely does not affect the results (Podsakoff and Organ, 1986). Furthermore, since SmartPLS does not require the assumption of normal distribution of data, test for normality was not deemed necessary (Hair et al., 2017).

6.2 Measurement model-testing for construct validity
The evaluation of the measurement model being based on reflective model required the outer model to be analyzed to check internal consistency reliability and convergent validity of the measures used to assess the variables in this study. Tables in Appendix display results generated for the above analysis. The AVE values being ( > 0.5) indicate convergent validity has been achieved (Hair et al., 2017). The results show that reliability using both Cronbach’s α as well as composite reliability (CR) both values being above the recommended benchmark (Cronbach’s α > 0.708 and CR > 0.7) suggesting internal consistency reliability was met (Ramayah et al., 2018). With regards to indicator loadings, Ramayah et al. (2018) suggest that loadings > 0.4 are acceptable if the summation of loadings result in high loadings cores, contributing to AVE scores > 0.5. Therefore, all the indicators with loadings > 0.4 were retained. The discriminant validity was tested using HTMT (Heterotrait–Monotrait ratio of correlations) (Henseler et al., 2015). HTMT is a relatively newer approach to assessing discriminant validity in variance-based SEM, and it estimates what would be the true correlation between two constructs if they were perfectly measured (i.e. if they are perfectly reliable with no error). Results indicated that adequate discriminant validity was demonstrated.

6.3 Multicollinearity analysis
The values of variance inflation factors (VIF) were computed to measure the influence of multicollinearity. For the two endogenous variables in this study; the highest VIF value recorded for family commitment at 2.155, and for firm performance it was 2.045. The VIF values were below the conservative cut-off value of 3.3 recommended by Dimanatopoulos and Siguaw (2006). Therefore, multicollinearity was not a concern.
6.4 Assessing the structural model

Evaluation of the structural model focuses, first, on the overall model fit, followed by the size, direction and significance of the hypothesized parameter estimates, (Hair et al., 2010, 2017). Bootstrapping approach was used to evaluate the significance of the proposed research hypotheses for the path model. Bootstrapping includes the random re-sampling of the original data set to generate new samples of the same size as the original data set (Chin, 1998). As shown in Table III the standardized path coefficients ($\beta$-values) and $p$-values along confidence intervals (CI) were computed to test for significance.

The coefficient of determination ($R^2$ values) was computed which indicated that the exogenous variables accounted for 51.1 percent variation in family commitment and 50.2 percent in firm performance. Chin (1998) suggests that $R^2$ values of 0.67, 0.33, 0.19, respectively, represent substantial, moderate and weak levels of predictive accuracy.

Therefore, based on the above benchmark, the coefficient of determination appears to be moderate.

The results of bootstrapping (Table III) indicate that the paths family control and influence ($\beta = -0.120$ and $p = 0.004$), identification of family with firm ($\beta = 0.157$ and $p = 0.001$), emotional attachment of the family ($\beta = 0.267$ and $p < 0.001$), and renewal of family bonds through dynastic succession ($\beta = 0.411$ and $p < 0.001$) to family commitment were all significant. Furthermore, the path from family commitment to firm performance ($\beta = 0.195$ and $p < 0.001$) was also significant. None of the CI in the above paths straddled a zero-value, further attesting to the significance of the paths (Ramayah et al., 2018). The only exception is the path binding social ties to family commitment ($\beta = 0.035$ and $p = 0.223$) suggesting that the relationship was not statistically significant.

The effect size ($f^2$) was computed, showing that highest effect size for family commitment was renewal of family bonds ($f^2 = 0.186$), and for firm performance it was emotional attachment with ($f^2 = 0.067$), implying small- to-medium-sized effect (Cohen, 1988).

6.5 Mediation effect

Mediation analysis facilitates a better understanding of the relationship between the independent and dependent variables when the variables appear to not have a definite connection (Aguinis et al., 2016; Hayes et al., 2008). As stated in previous sections, studies on the direct link between SEW and firm performance are yet to reveal a definite pattern (Martin and Gomez-Mejia, 2016; De Castro et al., 2016), hence the mediation effect of family commitment is hypothesized in the current study.

The current study followed guidelines provided by Hair et al. (2017) to test for mediation. Table IV represents the indirect effect of family commitment on the relationships between the five FIBER components of SEW and firm performance using bootstrapping. According to the results, family commitment significantly mediated the relationship between four of

<table>
<thead>
<tr>
<th>Path</th>
<th>$\beta$</th>
<th>SE</th>
<th>t-value</th>
<th>p-value</th>
<th>LB</th>
<th>UB</th>
</tr>
</thead>
<tbody>
<tr>
<td>B $\rightarrow$ FC</td>
<td>0.035</td>
<td>0.046</td>
<td>0.761</td>
<td>0.223</td>
<td>-0.04</td>
<td>0.111</td>
</tr>
<tr>
<td>E $\rightarrow$ FC</td>
<td>0.267</td>
<td>0.055</td>
<td>4.833</td>
<td>&lt; 0.001</td>
<td>0.176</td>
<td>0.356</td>
</tr>
<tr>
<td>F $\rightarrow$ FC</td>
<td>-0.120</td>
<td>0.046</td>
<td>2.617</td>
<td>0.004</td>
<td>-0.193</td>
<td>-0.043</td>
</tr>
<tr>
<td>I $\rightarrow$ FC</td>
<td>0.157</td>
<td>0.05</td>
<td>3.112</td>
<td>0.001</td>
<td>0.072</td>
<td>0.238</td>
</tr>
<tr>
<td>R $\rightarrow$ FC</td>
<td>0.411</td>
<td>0.048</td>
<td>8.522</td>
<td>&lt; 0.001</td>
<td>0.332</td>
<td>0.493</td>
</tr>
<tr>
<td>FC $\rightarrow$ FP</td>
<td>0.195</td>
<td>0.051</td>
<td>3.807</td>
<td>&lt; 0.001</td>
<td>0.107</td>
<td>0.278</td>
</tr>
</tbody>
</table>

Table III. Results of bootstrapping

Notes: F, family control and influence; I, identification of family with firm; B, binding social ties; E, emotional attachment; R, renewal of family bonds through dynastic succession; FC, family commitment; FP, firm performance. $p$-values are significant at $< 0.05$. 

$95\%$ CI
the SEW dimensions and firm performance, these are: family control and influence \((\beta_{ab} = -0.023, p = 0.023)\), family identification \((\beta_{ab} = 0.031, p = 0.01)\), emotional attachment \((\beta_{ab} = 0.052, p = 0.001)\) and renewal of family bonds \((\beta_{ab} = 0.080, p < 0.001)\). Only in the case of one component of SEW (i.e. binding social ties of the family), it appears that family commitment does not mediate the relationship between binding social ties of the family and firm performance \((\beta_{ab} = 0.007, p = 0.236)\). Furthermore, from the values of variance accounted for (VAF), the highest mediation effect was related to renewal of family bonds through dynastic succession (VAF = 30.65 percent) followed by family control and influence (17.16 percent), which can be interpreted as mediation (Hair et al., 2017).

The results of total effect, direct effect and indirect effect are presented in the Table V. According to these results it was found that both direct and indirect effect of the FIBER components of SEW components (except binding social ties of the family) on firm performance were statistically significant. Therefore, it may be asserted that in this study family commitment partially mediates the relationship between family control and influence, family identification, emotional attachment of the family and renewal of family bonds through dynastic succession and firm performance.

7. Discussions
This primary aim of this study was to determine if family commitment accounts for the relationship between SEW goals and firm performance goals in the context of privately held family firms. The rationale for this study is based on the indication in the SEW literature that a clear and predictable pattern of relationship between family-centric non-economic goals (e.g. SEW) and firm-centric business goals (e.g. firm performance) was not obvious, and the relationship between the two phenomenon may be accounted for by missing mediators that reflect family firm behavior (Chrisman and Holt, 2016; De Castro et al., 2016; Martin and Gomez-Mejia, 2016). Hence, this paper proposed and tested a framework for examining the relationship between SEW goals and firm performance goals through the

<table>
<thead>
<tr>
<th>Path</th>
<th>Total effect</th>
<th>Direct effect</th>
<th>Indirect effect</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>B → FC → FP</td>
<td>0.0013 ((p = 0.436))</td>
<td>0.007 ((p = 0.469))</td>
<td>0.007 ((p = 0.236))</td>
<td>No</td>
</tr>
<tr>
<td>E → FC → FP</td>
<td>0.526 ((p &lt; 0.001))</td>
<td>0.267 ((p &lt; 0.001))</td>
<td>0.052 ((p &lt; 0.001))</td>
<td>Partial</td>
</tr>
<tr>
<td>F → FC → FP</td>
<td>−0.135 ((p = 0.005))</td>
<td>−0.111 ((p = 0.0171))</td>
<td>−0.023 ((p = 0.023))</td>
<td>Partial</td>
</tr>
<tr>
<td>I → FC → FP</td>
<td>0.263 ((p &lt; 0.001))</td>
<td>0.233 ((p &lt; 0.001))</td>
<td>0.031 ((p &lt; 0.01))</td>
<td>Partial</td>
</tr>
<tr>
<td>R → FC → FP</td>
<td>0.261 ((p &lt; 0.001))</td>
<td>0.181 ((p &lt; 0.001))</td>
<td>0.080 ((p &lt; 0.001))</td>
<td>Partial</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Path</th>
<th>Total effect</th>
<th>Direct effect</th>
<th>Indirect effect</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>B → FC → FP</td>
<td>0.007 ((p = 0.023))</td>
<td>0.009 ((p = 0.001))</td>
<td>0.023 ((p = 0.001))</td>
<td>No</td>
</tr>
<tr>
<td>E → FC → FP</td>
<td>0.052 ((p &lt; 0.001))</td>
<td>0.017 ((p &lt; 0.001))</td>
<td>0.017 ((p &lt; 0.001))</td>
<td>Partial</td>
</tr>
<tr>
<td>F → FC → FP</td>
<td>−0.023 ((p = 0.001))</td>
<td>0.012 ((p = 0.001))</td>
<td>−0.023 ((p = 0.001))</td>
<td>Partial</td>
</tr>
<tr>
<td>I → FC → FP</td>
<td>0.031 ((p &lt; 0.001))</td>
<td>0.013 ((p &lt; 0.001))</td>
<td>0.011 ((p &lt; 0.001))</td>
<td>Partial</td>
</tr>
<tr>
<td>R → FC → FP</td>
<td>0.080 ((p &lt; 0.001))</td>
<td>0.022 ((p &lt; 0.001))</td>
<td>0.044 ((p &lt; 0.001))</td>
<td>Partial</td>
</tr>
</tbody>
</table>

Table IV. Test of indirect effects using bootstrapping

Table V. Total, direct and indirect effects of FIBER on firm performance

Note: \(p\)-values are significant at \(< 0.05\)

Socioemotional wealth and performance
indirect effect of collective willingness of the family owners to commit their resources, effort, and time to the firm’s business goals (i.e. family commitment) as a mediator.

The framework was developed with the support of the stakeholder approach proposed by Zellweger and Nason (2008) in the context of family-owned and controlled businesses. The theory allows the proposition of relationships between family commitment and its antecedents and outcome, based on the typology of stakeholder relationships in family firms suggested by the aforesaid authors, namely: overlapping, causal, synergistic and substitutional. The results of the hypotheses tests revealed that four out of five of the FIBER dimensions of SEW (family control and influence, identification of family with firm, emotional attachment and renewal of family bonds through dynastic succession) all had significant impact on family commitment.

It also appears that the net impact of family control and influence on family commitment was negative as posited in the hypotheses, suggesting that saliency of family owners toward control and influence may be at the cost of the best interest of the business enterprise. The other three factors (family identification, emotional attachment and renewal of family bonds through dynastic succession) all had positive impact on family commitment. The findings may carry important implications for incumbents in leadership position of family firms who wish to ensure that their subsequent generations remain engaged (committed) to the family enterprise. The fact that three of the SEW dimensions have positive impact on commitment, means that by allowing subsequent generations to derive benefits from such sources (i.e. identification, emotional attachment and continuity of family legacy) the subsequent generation of family members can be expected to be more committed to the family business.

The results of the mediation hypotheses also revealed a similar pattern of findings. It was again discovered that the mediation effect by family commitment on the path between binding social ties and firm performance was not significant. The remaining relationships were all partially mediated by family commitment. In the cases of identification of the family...
with the firm (I), emotional attachment of the family (E) and renewal of bonds through dynastic succession (R), the direct effect appears to be stronger than the indirect effect.

The above findings resonate with the findings of Hauck et al. (2016) where the authors also found positive and significant in the direct association between R, E, and I and firm performance. The result suggests that the above three dimensions of SEW which are derivatives of affective needs of the family are more strongly related to firm-centric business outcomes such as performance as compared to indirect effect of behavior such as family commitment. For instance, high intensity of family identification with the firm creates a sense of pride of belonging among family members and such feelings tend to permeate to non-family employees that in turn tend to be more creative and engaged (Hargadonon and Bechky, 2006). Such behavior is likely to contribute to business centric outcomes such as product quality, customer satisfaction and eventually higher revenue and profitability (Carrigan and Buckley, 2008).

Similarly emotional attachment of family members fosters an environment of harmony and cohesion (Beehr et al., 1997). Since the boundary between family and the firm often overlap (Berrone et al., 2010) such emotions permeate into the organization’s culture and decision-making processes. Family firm owners that unite to a collective vision tend to translate their efforts toward enhancing the efficiency of the business processes (Koenig et al., 2013).

Family control and influence (F) has a negative impact on family commitment as well as on firm performance, where the indirect effect is stronger than the direct effect suggesting that the relationship is strengthened when accounted for by family commitment as a mediator. Excessive focus on maintaining control and influence over the firm’s operational activities creates family entrenchment and altruistic behavior toward family members to the extent that decisions made by family managers often display nepotism in favor of family members that may be perceived as inherent threat to other stakeholders of the firm. For instance, they send negative signals to productive non-family employees that no matter how much they contribute, family members will always be given preferential treatment (Schulze et al., 2001; Debicki et al., 2017). Such negative signals lead to employee demotivation (Detert et al., 2008) and moral disengagement (Bandura, 1986, 2002), thus leading to lower levels of commitment and performance. Gomez-Mejia et al. (2010) state that excessive inclination of family firm owners toward control aspect of SEW carries inherent risks and performance hazards.

The case of binding social ties (B) indicated no mediation effect. Binding social ties of the family refer to close and personal ties with various stakeholders such as employees, customers, suppliers, society, etc. Such close relationships can be a double-edged sword (Hatak et al., 2016). For instance, due to the close personal ties with existing suppliers developed over time, the family firm managers may have to concede to existing suppliers even if more competitive offers are available from new suppliers. This may pose a performance hazard for the firm. Furthermore, the contextual factors alluded to in the preceding sections regarding binding social ties may have an influence on the outcome of the findings.

7.1 Limitations and future directions

This study suffers from several theoretical, methodological and contextual limitations. The first limitation is related to the definition of family firms. This is because an important reason for the conflicting results observed in previous empirical research on family involvement and firm outcomes is attributable to variation in the definition of family firms (Howorth et al., 2010). The aforementioned study points to the fact that the various definitions in the literature range from being too inclusive to being too restrictive, and depending on the selected definition, the results of empirical studies will vary accordingly. This is a matter of concern, as the definition of what constitutes a family firm will determine the sample size from the target population, which is likely to have an impact on the data analysis. This variation in definition is yet an unresolved matter in the field family business research and stands in the way of theory development.
Although several scholarly works have presented finer-grained classifications of family firms (e.g. Cromie et al., 1995; Sharma 2004; Westhead and Howorth, 2007), the current study followed the screening procedures suggested by Chua et al. (1999), which has been used by several eminent family business researchers whose studies have been published in top tier journals. This definition basically distinguishes between family and non-family firms based on who controls all strategic and operational decisions within the business enterprise. Therefore an interesting avenue for future research could be to compare results based on different definitions published in prominent journals.

The second issue is related to the manner in which SEW has been presented in academic discourse where it seems that the sole purpose of pursuing SEW appears to be related to the benefit of only one stakeholder; the family (Newbert and Craig, 2017). This issue has been mentioned in this paper (see section 2.2.1). Although the current study follows the more agnostic approach to SEW that has been the case with most empirical studies related to SEW (e.g. Berrone et al., 2012; Debicki et al., 2017; Razzak et al., 2019a, b); nevertheless, the arguments made by Newbert and Craig (2017) are quite compelling. Hence in consonance with the idea presented by the aforesaid authors, emerging researchers in family business are encouraged to push the narrative toward a more normative approach where family firm owners should not just engage in actions that seem to be altruistic in nature, such as environmentally friendly investments, and appear to benefit non-family stakeholders, that eventually end up benefiting the family firm owners themselves (i.e. an instrumental approach). The proposition made by Newbert and Craig (2017) is that family firm leaders should engage in such positive actions because it is the right thing to do (i.e. take a normative approach). Future research work related to SEW should take this matter into cognizance.

The third area of concern is that build-up of a family’s SEW endowment resembles a stock of wealth like quality (comparable to firm value) whereas the pursuit of FCNE goals appear to have a flow like quality (comparable to net profit) (Chua et al., 2015). Therefore, a more finer-grained analysis of the SEW phenomenon would distinguish between those dimensions of SEW that resemble stock of wealth and those that seem to be more like a flow of wealth. This is another avenue for future research considerations.

From a methodological standpoint, data collected from a single individual in each firm where all variables were measured at the same time always raises the specter of CMV, although tests indicated otherwise. To address this matter, procedural remedies suggested by Podsakoff et al. (2012) were followed by varying the configuration of the scales measuring each of the variables, which may have mitigated some concerns related to CMV. Despite such efforts, future studies should attempt to collect data for different variables from different individuals within the same family firm and spread out over a longer time horizon.

Furthermore, other variables not considered in this study may come into play. For instance the relationships between SEW and family commitment may be contingent upon which generation of family firm owners are in control of the firm. In fact generation in charge has been shown to affect relationships between goals, behavior and outcome (e.g. Sciascia et al., 2014). Additionally, there are possibilities that firm governance related variables such as “professionalization” impacts the relationship between family commitment and firm performance. Future researchers are encouraged to take such possibilities into consideration.

Considering the fact that the current study is based on a single industry and from within a single country poses a challenge in drawing a generalized conclusion from the findings. For instance Howorth et al.’s (2010) study draws attention to diversity in family firms, where the authors dedicate a section on cultural and contextual issues that need to be borne in mind in family firm research. The reality is that family context shapes decision making and behavior in family firms presents a complexity for researchers that is challenging to address considering the difficulty in collecting data about contextual features of each family that own and control such organizations (Winter et al., 2004). In the case of the current study that is based on data gathered
from private family firms in a South Asian cultural environment, it would be a daunting task to obtain contextual information related to each family firm. Nevertheless, it is imperative to recognize that contextual and cultural issues contribute to the heterogeneity of family firms. Furthermore, geographical settings also have an impact on behavior and decision-making (Colli et al., 2003). The study by Howorth et al. (2010) brings to light the differences in attitudes of family firm owners in the USA and Europe. In the US business owners would be quite comfortable in selling off their company if the opportunity is attractive enough. In contrast, family firm owners in European countries such as Greece, Italy and Spain would be reluctant to sell an organization that they view as an extension of the family. The above reality suggests that geographical and cultural factors have a bearing on behavior of family business owners. The current study is not immune to such cultural and contextual factors, and hence a more robust conclusion with regards to addressing the research questions posed in this study would ideally consider multiple industries over different geographical locations preferably studies conducted over multiple countries.

7.2 Conclusion

The current study is expected to have both theoretical as well as managerial implications for academic research and family business owners. The outcome of this research work has attempted to provide a more nuanced view of how FCNE goals relate to behavior that are expected to lead to strategic decisions that will eventually impact firm-centered outcomes such as performance. The mediating role of family commitment between SEW goals and firm performance demonstrates that each goals has its unique association with behavior and performance. Hence, this study addresses the research question posed in the current study on whether the dimensions of SEW and business performance of private family firms are mediated by family commitment as an intervening variable. The results indicated that family commitment partially mediates the relationships between family control and influence, emotional attachment, family identity and renewal of family bonds through dynastic succession and firm performance. However, no mediation effect of family commitment was observed in the association between binding social ties and firm performance.

The second component of the research question was to determine which dimensions of SEW are linked to superior firm performance and which ones are likely to lead to negative outcomes for performance. In this regard, the three dimensions of SEW (family identification with firm, emotional attachment and renewal of family bonds through dynastic succession) are all positively associated with firm performance. Therefore, family business leaders can use this knowledge in two ways: first, the messaging within the organization particularly aimed at family members that work in the firm to focus on the above three SEW dimensions that will bring benefit to the individual, firm and the family and in many cases society. Second, the advantage of this knowledge is that incumbent family managers can leverage these relationships to ensure that their potential successors from subsequent generations of family members will become committed to the family enterprise by experiencing the personal utility that they bring to such family members who are expected to take over the helm of leadership in the future.

The negative consequence for commitment and performance has been observed in the case of family control and influence. The results suggest that over-emphasis on the short-term control aspect of SEW leads to decisions that prioritize the family-first position over the business-first stance. When such a posture is consistently applied and becomes the default script in managerial decision making, the outcome is likely to be detrimental to the organization’s sustainability. Therefore, family business leaders can take this discovery to strike a balance between excessive focus on control and giving too much discretion to non-family managers that may lead to the firm resembling a non-family enterprise. An important caveat that needs to be pointed out is that the current study assumed a linear relationship between family control and influence and commitment and performance.
The reality may be that the relationship is actually U-shaped and there are peaks and troughs depending on whether there are low, medium and high levels of control. Therefore this is may be an interesting avenue for future research.

Finally, it must be reiterated that the analysis presented in this study is based on evidence collected from privately held family firms that are apparel manufacturing and exporting companies in Bangladesh. Therefore, the study does not claim to generalize the findings on a broad global scale. In order to arrive at a generalized conclusion a multi-country and multi-industry study is called for which is beyond the scope of the current research. Nevertheless, the study demonstrates that family commitment serves as an important intervening construct between family-centric non-economic goals and firm-centric business goals. Therefore, this research work lays another set of bricks on the pavement that may lead to the development of a ‘home-grown’ theory of family business.

References


Olson, K. (2010), *An Examination of Questionnaire Evaluation by Expert Reviewers*, University of Nebraska, Sociology Department, Faculty Publications, Newbury Park, CA, available at: https://pdfs.semanticscholar.org/c65e/7015d60ac74cdd4e3fe00b6ca6629485d78.pdf


Further reading


## Appendix

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Initial model loading</th>
<th>Modified model loading</th>
<th>Cronbach’s $\alpha$ CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family control and influence</td>
<td>F1</td>
<td>0.826</td>
<td>0.826</td>
<td>0.902</td>
<td>0.924</td>
</tr>
<tr>
<td></td>
<td>F2</td>
<td>0.837</td>
<td>0.837</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F3</td>
<td>0.777</td>
<td>0.777</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F4</td>
<td>0.841</td>
<td>0.841</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F5</td>
<td>0.783</td>
<td>0.783</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F6</td>
<td>0.839</td>
<td>0.839</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identification of family with firm</td>
<td>I1</td>
<td>0.703</td>
<td>0.703</td>
<td>0.835</td>
<td>0.879</td>
</tr>
<tr>
<td></td>
<td>I2</td>
<td>0.749</td>
<td>0.749</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I3</td>
<td>0.722</td>
<td>0.722</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I4</td>
<td>0.687</td>
<td>0.687</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I5</td>
<td>0.816</td>
<td>0.816</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I6</td>
<td>0.757</td>
<td>0.757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Binding social ties</td>
<td>B1</td>
<td>0.789</td>
<td>0.789</td>
<td>0.875</td>
<td>0.909</td>
</tr>
<tr>
<td></td>
<td>B2</td>
<td>0.804</td>
<td>0.804</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B3</td>
<td>0.849</td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B4</td>
<td>0.791</td>
<td>0.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B5</td>
<td>0.847</td>
<td>0.847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional attachment</td>
<td>E1</td>
<td>0.715</td>
<td>0.715</td>
<td>0.842</td>
<td>0.887</td>
</tr>
<tr>
<td></td>
<td>E2</td>
<td>0.812</td>
<td>0.812</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E3</td>
<td>0.831</td>
<td>0.831</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E4</td>
<td>0.479</td>
<td>0.479</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E5</td>
<td>0.807</td>
<td>0.807</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E6</td>
<td>0.834</td>
<td>0.834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewal of family bonds through dynastic succession</td>
<td>R1</td>
<td>0.806</td>
<td>0.806</td>
<td>0.855</td>
<td>0.902</td>
</tr>
<tr>
<td></td>
<td>R2</td>
<td>0.809</td>
<td>0.809</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R3</td>
<td>0.863</td>
<td>0.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R4</td>
<td>0.861</td>
<td>0.861</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family commitment</td>
<td>FC1</td>
<td>0.874</td>
<td>0.875</td>
<td>0.939</td>
<td>0.95</td>
</tr>
<tr>
<td></td>
<td>FC2</td>
<td>0.847</td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FC3</td>
<td>0.814</td>
<td>0.814</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FC4</td>
<td>0.851</td>
<td>0.851</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FC5</td>
<td>0.842</td>
<td>0.841</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FC6</td>
<td>0.871</td>
<td>0.870</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FC7</td>
<td>0.885</td>
<td>0.886</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table AI.
Measurement model values for fiber and family commitment

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Initial model loading</th>
<th>Modified model loading</th>
<th>Cronbach’s $\alpha$ CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm performance</td>
<td>FP1</td>
<td>0.728</td>
<td>0.728</td>
<td>0.850</td>
<td>0.886</td>
</tr>
<tr>
<td></td>
<td>FP2</td>
<td>0.706</td>
<td>0.706</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FP3</td>
<td>0.772</td>
<td>0.772</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FP4</td>
<td>0.748</td>
<td>0.749</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FP5</td>
<td>0.659</td>
<td>0.661</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FP6</td>
<td>0.772</td>
<td>0.771</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FP7</td>
<td>0.628</td>
<td>Deleted</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FP8</td>
<td>0.685</td>
<td>0.684</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table AII.
Measurement model values for firm performance

**Corresponding author**
Mohammad Rezaur Razzak can be contacted at: rezaur25@gmail.com

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Volume 9 Number 4 2019

Journal of Family Business Management

Number 4

377 TMT diversity and innovation ambidexterity in family firms: the mediating role of open innovation breadth
Irina Röd

393 Socioemotional wealth and family commitment: moderating role of controlling generation in family firms
Mohammad Rezaur Razzak, Raida Abu Bakar and Norizah Mustamil

416 Gender and business owner satisfaction: the case of farm and non-farm family businesses in the Midwest
Wenxuan Li and Maria I. Marshall

429 Paradoxical influence of family ownership on innovation-focused organizational change: evidence from a large family business retail firm
Izabela Szymanska, Anita Blanchard and Kaleigh Kuhns

451 An image theory of strategic decision-making in family businesses
Christopher Penney, James Vardaman, Laura Mtier and Victoria Antin-Yates

468 Socioemotional wealth and performance in private family firms: the mediation effect of family commitment
Mohammad Rezaur Razzak and Suaad Jassem

www.emeraldinsight.com/loi/jfbm