

Building on the Family

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Journals

- ▶ Importance of “family friendly” journals
 - Family Business Review (Impact Factor 4.42)
 - Journal of Family Business Strategy (will receive Impact Factor)
 - Entrepreneurship Theory and Practice
 - “Main stream journals” ,e.g., Journal of Management Studies

Topic Areas in Family Business Research

<i>Strategic Management Topic Classification</i>			<i>Current Study</i> (n=291)		<i>Chrisman et al., 2003</i> (n=190)		Δ % *
			No.	%	No.	%	
<i>Goals and Objectives</i>	1.1	Economic Goals	5	1.7%	5	2.6%	-33.8%
	1.2	Non-Economic Goals	3	1.0%	5	2.6%	-60.4%
	1.3	Goal Formulation Process	0	0.0%	1	0.5%	-100.0%
<i>Strategy Formulation and Content</i>	2.1	Strategic Planning	9	3.1%	6	3.2%	-3.4%
	2.2	Resources and Competitive Advantage	25	8.6%	11	5.8%	48.1%
	2.3	Environment Opportunity and Threats	4	1.4%	4	2.1%	-34.8%
	2.4	Corporate Strategy	4	1.4%	3	1.6%	-14.4%
	2.5	Business Strategy	5	1.7%	2	1.1%	56.4%
	2.6	Functional Strategy	6	2.1%	7	3.7%	-44.3%
	2.7	International Strategy	6	2.1%	6	3.2%	-35.6%
	2.8	Entrepreneurship and Innovation	15	5.2%	10	5.3%	-2.8%
	2.9	Stakeholders, Ethics, Social Responsibility	8	2.8%	4	2.1%	31.0%
<i>Strategy Implementation and Control</i>	3.1	Corporate Governance	56	19.2%	18	9.5%	102.5%
	3.2	Structure	12	4.1%	3	1.6%	157.5%
	3.3	Systems, Processes, and Networks	8	2.8%	5	2.6%	5.8%
	3.4	Behaviors and Conflict	19	6.5%	12	6.3%	3.7%
	3.5	Culture and Values	13	4.5%	9	4.7%	-4.9%
	3.6	Evolution and Change	15	5.2%	3	1.6%	221.9%
<i>Management</i>	4.1	Leadership and Ownership	46	15.8%	14	7.4%	113.6%
	4.2	Professionalization	8	2.8%	4	2.1%	31.0%
	4.3	Succession	44	15.1%	42	22.1%	-31.6%
<i>Other</i>	5	Other Topics Relevant to Strategic Mgt	34	11.7%	19	10.0%	16.8%
<i>Non-Strategy</i>	6	Non-Strategic Mgt Topics	28	9.6%	43	22.6%	-57.4%

Family Elements to Consider

- ▶ Given that research has viewed the family as both a hindrance and help to the family firm, researchers that considers business outcomes a function of family and business characteristics is important.
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Aspects of Family Involvement

- ▶ The *components of involvement* approach considers the family's involvement in ownership, management or control (Chrisman et al., 2005). It is the basic necessary condition for a family to exercise influence on the family firm and sets the minimum threshold for considering a firm a family firm.
- ▶ *The essence approach* argues that “*family involvement must be focused and directed toward behaviors that produce distinctiveness before the firm can be classified a family firm*” (Pearson et al., 2008: 966)

Conceptual Equivocality

Does family involvement bring advantage to family firms'?

▶ Positive View

- the confluence of family and businesses systems could lead to “familiness” that make business peculiarly suited to survive and grow

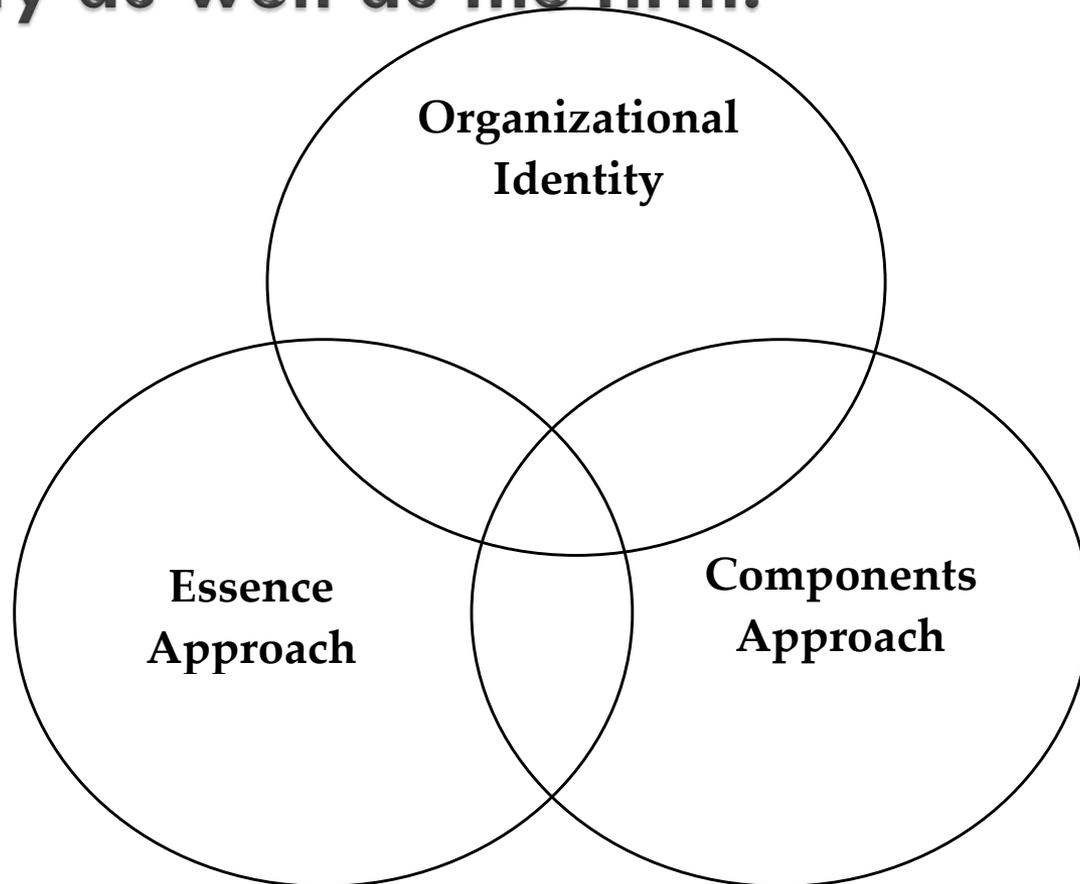
▶ Negative View

- the problems of close kinship, ownership and management transfers, and conflicting intentions may create inefficiencies

Possible reasons for the conceptual equivalence

- ▶ Over-simplification in the operationalization of family involvement
 - Researchers have largely focused on family ownership
 - Yet, family involvement is in fact multi-dimensional
- ▶ Overlook of curvilinear relationships
- ▶ Overlook of a contingency view
 - the impact of a given firm involvement factor may depend on the interaction process among top managers and family members
 - this process could influence a firm's capability to exploit the upside of the family involvement factor and minimize the downside of it

Need to build a tradition of research that views the family and the business as a synergistic and symbiotic relationship, creating value for the family as well as the firm.



Outcomes

Amongst Others:

- ▶ Financial Performance
 - ▶ Socio-emotional Wealth
 - ▶ Succession
 - ▶ Corporate Entrepreneurship
 - ▶ Strategic Flexibility
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Importance of Communication

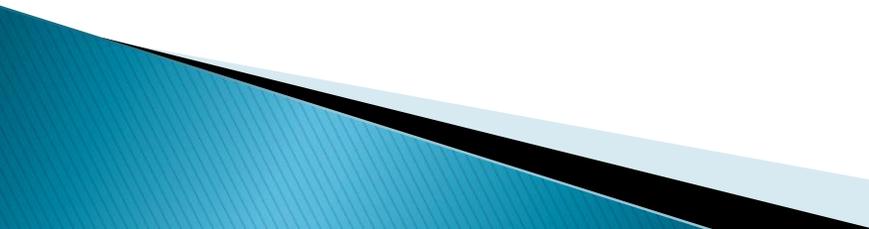
- ▶ Constructive confrontation creates a culture where decision-making and problem solving are based on substantive argument rather than hierarchy, power, or personality.
 - ▶ Constructive confrontation occurs when teams are able to define conflicts in terms of a mutual problem, requiring collaborative efforts, rather than one of competing interests.
 - Negative conflict (relationship conflict) is avoided
 - Positive conflict (cognitive conflict, process conflict) is encouraged
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Importance/Dangers of Pro-Organizational Behavior

Stewardship Culture:

- Altruism towards family and the firm
- Sound Family Relationships
- Long-term orientation

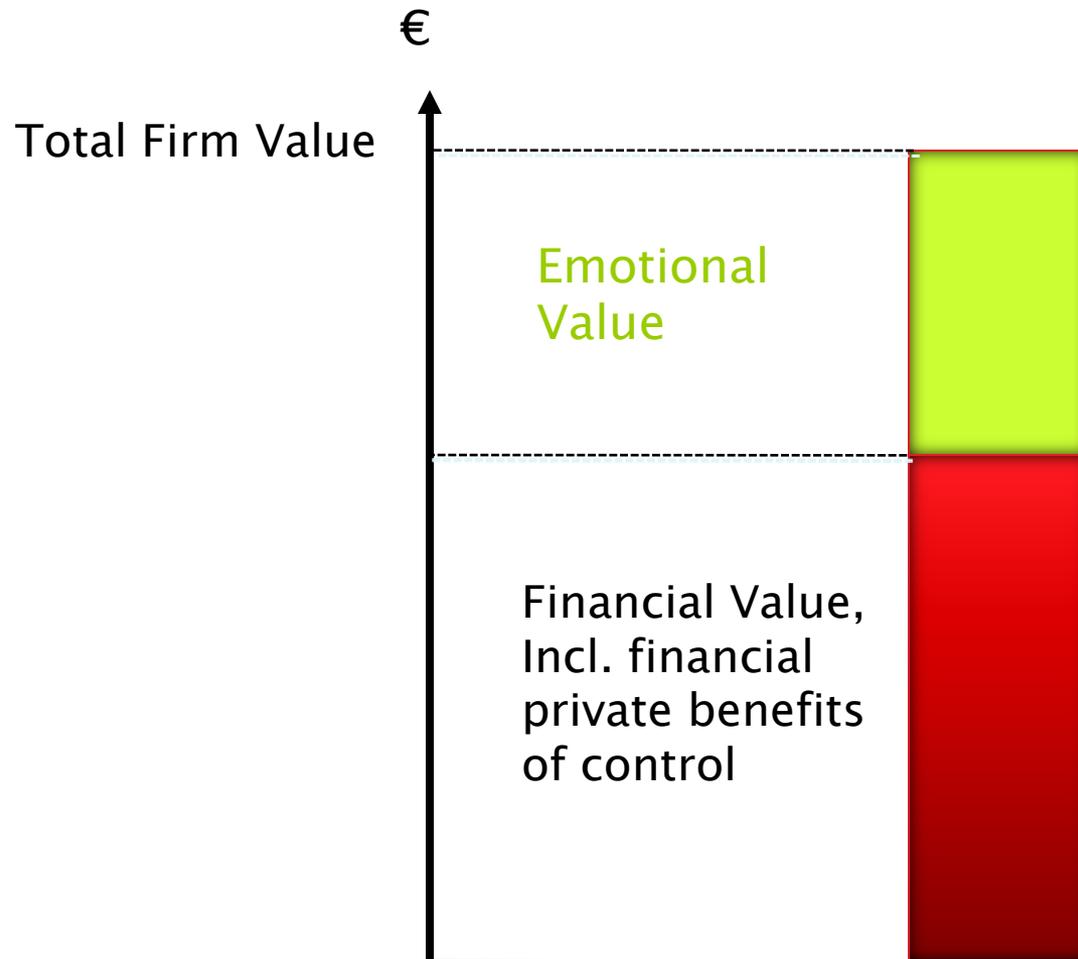
Contingencies:

- Stage of Organizational Development
 - Identification with the family business
 - Desire for transgenerational sustainability
 - Justice Perceptions (both family and non-family members)
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Developing a Theory of the Family Firm

- ▶ Socio-emotional wealth (SEW) captures non-economic utility of organizational ownership (see e.g. Gomez-Mejia et al., 2007)
- ▶ Socioemotional benefits are e.g. the creation of a positive family image / reputation, preserving the family tradition, the creation of personal prestige etc.

Total Value = Financial Value + Emotional Value



Developing a Theory of the Family Firm

- ▶ Need a Theory of SEW
 1. Theory of SEW must contain social *and* emotional influences. Emotions aspects widely unexplored.
 2. Complete theory of SEW must consider both positively *and* negatively valenced socioemotional aspects. So far, focus on positively valenced factors.
 3. SEW can help regional development and internationalization decision.
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Developing a Theory of the Family Firm

- ▶ Non-economic goals
- ▶ Intermediate goals:
 - Flexibility
 - Ambidexterity
 - Corporate Entrepreneurship
 - Internationalization Processes

Enable:

- Financial Performance

Help in achieving:

- Succession/Ownership Transfer/Dynasty Building

Future Research

- ▶ Remarks focused on family members, we need to broaden our view to include non-family members. What is the role of family and non-family members in the internationalization process in relation to SWE?
- ▶ Can SEW be “bend” by external pressures?
- ▶ Local SEW focus can explain investment and expansion decisions.
- ▶ Placement of family members in foreign subsidiaries could be driven by SEW concerns.
- ▶ Focus on family members needs reduces internationalization (Debicki, 2012), more research needed.



Future Research

- ▶ Family configurations need to be explored
- ▶ Family firm specific characteristics as antecedents or contingencies
 - Components Approach
 - Essence Approach
 - Identification
 - Family Ownership
 - Generational Ownership Dispersion
 - Family Management
 - Generations involved in management
 - Family Board Membership
 - Generations involved on board
 - Transgenerational sustainability desires



"Someday, son, this will all be yours...to give to the IRS, thanks to the back taxes I owe."