

**A Cross-Cultural Study of the Underlying Meaning of  
Socioemotional Wealth and its Impact on Family Business  
Entrepreneurial Behaviour**

By

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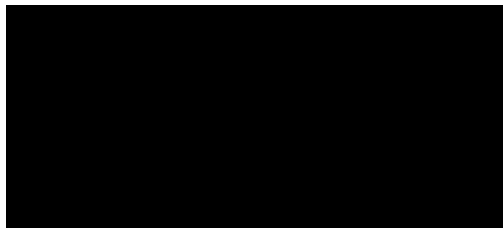
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## Declaration

I certify that the substance of this thesis has not already been submitted for any degree and is not currently being submitted for any other degree or qualification.

I certify that any help received in preparing this thesis and all sources used have been acknowledged in this thesis.



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Signature

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## **Abstract**

The purpose of this investigation was to understand the underlying meaning of socioemotional wealth and its impact on family business entrepreneurial behaviour. The concept of socioemotional wealth proposes that aspects of the firm that meet the family's affective needs are the primary point of reference in decision making within the family business context. Thus, this study aimed at explaining how family business events influence the socioemotional wealth of the family, and why a family business needs to behave heterogeneously to preserve this wealth. The primary focus of the research was to understand this social and emotional dynamic behind the entrepreneurial behaviour of family businesses.

The investigation consisted of an explanatory multiple case research involving small and medium-sized family businesses from Australia and Chile. The sample for the case studies represented contrasting settings and provided information about family businesses with different cultural backgrounds, generational stages, histories and challenges. Data analysis consisted of an inductive-deductive process that was based on critical realism, which allowed the development of a contextualised explanation of the cases' narrative.

Overall, this investigation made progress in explaining (a) the dynamic behind the socioemotional wealth formation, (b) the factors capturing this wealth and (c) the way it impacts on family firms' entrepreneurial behaviour. The study showed that socioemotional priorities evolve over time, confirming the dynamic nature of this construct. It also showed that some priorities, such as transgenerational intention, have a positive impact on entrepreneurial behaviour, while others, such as avoiding family conflict, have the opposite effect. Accordingly, the evolving nature of the socioemotional priorities would explain the changes in firms' entrepreneurial behaviour. This study also made an initial approximation to confirm that the

importance of each socioemotional wealth driver depends on the context the family firm faces, and distinguished which of them are based on either the family or the business systems.

Finally, in relation to practical implications, the findings showed that family businesses managers (family and/or non-family members) should develop new criteria for decision making, by complementing the traditional rational/economic view when making decisions with socioemotional wealth elements. They should balance family interest and business efficiency to reach lasting success.

## **Publications Derived from this Research Study**

The following refereed articles were written based on the results of this investigation.

The first is a conference article that was accepted for the ANZAM conference in 2013. It was not presented because of lack of financial support. The second is a journal article that has already been published. The third is currently under evaluation. The details of these publications are as follows:

1. Llanos-Contreras, O., Valenzuela, F., & Jabri, M. (2013). *Socio-emotional wealth theory as response to the most influential theories in family business studies*. 27th ANZAM Conference. (Accepted but not presented).
2. Llanos-Contreras, O., Valenzuela, F., & Jabri, M. (2014). Riqueza socio-emocional de la empresa familiar y su impacto en el comportamiento emprendedor. *Revista Economía y Negocios*, 1(1), 3-19.
3. Llanos-Contreras, O., Valenzuela, F., & Jabri, M. (2015). Threats and crises in family business: The role of context and its impact on changing socio-emotional wealth. *Journal of Management and Organization*. (Submitted 10 March 2015. Awaiting reviewer scores)

## Table of Contents

<b>Declaration .....</b>	<b>i</b>
<b>Acknowledgements .....</b>	<b>ii</b>
<b>Abstract... ..</b>	<b>iii</b>
<b>Publications Derived from this Research Study .....</b>	<b>v</b>
<b>Table of Contents.....</b>	<b>vi</b>
<b>List of Tables.....</b>	<b>xivv</b>
<b>List of Figures .....</b>	<b>xv</b>
<b>Chapter 1 Introduction .....</b>	<b>1</b>
1.1 Introducing the research .....	1
1.2 Nature of the research .....	2
1.2.1 Nature of the research problem.....	3
1.2.2 Research questions.....	3
1.3 Methodology overview .....	4
1.4 The context of the research .....	5
1.4.1 Chile and Australia profile and family business context .....	6
1.4.2 Role and background of the researcher .....	7
1.5 Significance of the research .....	8
1.5.1 Theoretical perspective .....	9
1.5.2 Intended contributions and benefits.....	10
1.6 Organisation of the thesis .....	11
<b>Chapter 2 Theoretical Framework .....</b>	<b>13</b>
2.1 Introduction.....	13
2.2 Family business foundational theories.....	13

2.2.1	Agency theory and the resource-based view: The most influential theories on family business studies.....	14
2.2.2	Stewardship theory expanding the theoretical source nourishing family business research.....	15
2.3	Socioemotional wealth perspective as an alternative to move the field forward .....	16
2.3.1	Defining socioemotional wealth.....	16
2.3.2	Socioemotional wealth: A key for improving the understanding of family businesses .....	18
2.4	Past research on socioemotional wealth .....	19
2.4.1	Socioemotional wealth research scope .....	22
2.4.2	Socioemotional wealth as an independent variable explaining family firms' behaviours.....	23
2.4.3	Socioemotional wealth as a dependent variable: What is behind its formation? .....	25
2.5	Relevant issues on socioemotional wealth for this research.....	26
2.5.1	Family and business system overlap and socioemotional wealth priorities .....	26
2.5.2	Family/family business context and its impact on socioemotional wealth and business behaviour.....	28
2.5.3	Threat to socioemotional wealth.....	30
2.6	Theoretical discussion inspiring the research questions.....	31
2.6.1	Socioemotional wealth and entrepreneurial behaviour.....	33
2.6.2	The dimension forming the socioemotional wealth construct.....	36
2.6.3	Family/family business context and socioemotional wealth priorities behind the decision making.....	38
2.7	Chapter summary.....	44



<b>Chapter 3 Research Methods .....</b>	<b>46</b>
3.1 Introduction.....	46
3.2 Selecting the ontological and epistemological position of this research .....	46
3.3 Selecting the research methodology .....	49
3.3.1 The best fit to answer how and why research questions.....	49
3.3.2 Allows incorporation of the context in which the events take place .....	50
3.3.3 Allows development of causal explanations.....	50
3.3.4 Recommended for studying contemporary events but successfully implemented to research historical affairs .....	51
3.4 The type of case study to conduct the research .....	52
3.4.1 Defining contextualised explanation methodology as the theorising process for this research .....	52
3.5 Criteria for judging the quality of this research within the critical realism orientation....	54
3.5.1 Ontological appropriateness .....	55
3.5.2 Contingent validity .....	55
3.5.3 Multiple perception about one reality.....	56
3.5.4 Methodological trustworthiness.....	57
3.5.5 Analytic generalisation .....	57
3.5.6 Construct validity.....	58
3.6 Data collection: Preparation and implementation.....	59
3.6.1 Defining the unit of analysis.....	60
3.6.2 Ethical considerations .....	60
3.6.3 Case selection .....	61
3.6.4 Multiple sources of evidence .....	65

3.6.5	Case study database .....	69
3.6.6	Keeping the chain of evidence.....	70
3.7	Analysing case studies .....	71
3.7.1	The use of a inductive-deductive cycle of analysis .....	71
3.7.2	Case description and rival explanations .....	72
3.7.3	Attempt to understand the overall cases .....	72
3.7.4	Organisation of the research evidence .....	72
3.7.5	Use of qualitative data analysis software.....	73
3.8	Reporting the findings .....	74
3.8.1	The critical realism discussion .....	75
3.8.2	Within-case analysis .....	75
3.8.3	Cross-case analysis .....	76
3.8.4	Final conclusions, managerial implication and research limitations .....	77
3.9	Chapter summary .....	77
<b>Chapter 4 Within-case Description and Analysis.....</b>		<b>78</b>
4.1	Introduction.....	78
4.2	Miller family business case (MFBC).....	80
4.2.1	Case description.....	80
4.2.2	Background data and reflections on the case data collection .....	82
4.2.3	Miller family business case findings .....	83
4.2.4	Miller family business case discussion.....	99
4.2.5	Miller family business case overall conclusions .....	104
4.3	Guerra family business case (GFBC) .....	104
4.3.1	Case description.....	104

4.3.2	Background data and reflections on the case data collection .....	106
4.3.3	Guerra family business case findings .....	108
4.3.4	Guerra family business case discussion.....	122
4.3.5	Guerra family business case overall conclusions .....	129
4.4	Smith family business case (SFBC) .....	129
4.4.1	Case description.....	129
4.4.2	Background data and reflections on the case data collection .....	131
4.4.3	Smith family business case findings.....	133
4.4.4	Smith family business case discussion .....	149
4.4.5	Smith family business case overall conclusions .....	154
<b>Chapter 5 Cross-case Analysis .....</b>		<b>156</b>
5.1	Introduction.....	156
5.2	Cases description .....	158
5.2.1	Miller family business .....	158
5.2.2	Guerra family business .....	158
5.2.3	Smith family business.....	159
5.2.4	Demographic cross-case comparison .....	159
5.3	Cross-case findings: The main differences and similarities .....	161
5.3.1	The family members' narrative .....	168
5.3.2	Family business cash flows as the main source of financial support for the family owners.....	168
5.3.3	Influence of family context on decision making .....	169
5.3.4	Influence of family business context on decision making.....	169

5.3.5	Shocks impacting on the family business and changes in family business behaviour .....	170
5.3.6	Family business priorities .....	171
5.3.7	Family priorities.....	172
5.3.8	Entrepreneurial behaviour .....	173
5.3.9	Threat of total loss of socioemotional wealth the business gives to the family .....	174
5.3.10	Cross-cultural comparison .....	175
5.4	Cross-case final discussion and theorising model .....	176
5.4.1	Cross-case patterns 1 and 2: Family and business system overlapped, it implied that socioemotional priorities existed at both levels. The drivers of socioemotional wealth were contingent to each case at a specific point in time .....	179
5.4.2	Cross-case pattern 3: When the family’s economic welfare was totally dependent on the business, the family business decision makers were less biased by socioemotional considerations .....	179
5.4.3	Cross-case patterns 4 and 5: The family and the family business context influence the socioemotional priorities and they evolve over time in response to the changes in the context. Family business entrepreneurial behaviour changes over time in response to the evolution in the family/family business priorities .....	180
5.4.4	Cross-case pattern 6: Factors forming family context also gave information on the family social capital. This capital had a critical intangible value in the creation and development of these family businesses.....	180
5.4.5	Cross-case pattern 7: All the cases showed stronger entrepreneurial behaviour when they were managed by the founders.....	181

5.4.6	Cross-case pattern 8 and single-case pattern 1: High priority on intra-family succession aligned with stronger entrepreneurial behaviour. Low expectation of intra-family succession aligned with weaker entrepreneurial behaviour .....	182
5.4.7	Single-case patterns 2 and 3: Threat to family business continuity was explained by the family/family business context. It impacted on the drivers of socioemotional wealth and business entrepreneurial behaviour.....	183
5.4.8	Cross-case pattern 9 and single-case pattern 4: The cultural setting had an indirect influence on family business entrepreneurial behaviour. The family ability to adopt a new culture was considered to be part of the internal family context shaping priorities and entrepreneurial behaviour .....	184
5.4.9	Cross-case patterns 10 and 11: Family members' health problems were a critical factor for implementing intra-family succession. They shaped the family/family business priorities and family business entrepreneurial behaviour .....	184
5.5	Cross-case analysis overall conclusions .....	185
<b>Chapter 6 Conclusions, Research Limitations and Implications for Theory and Practice</b>		<b>186</b>
6.1	Introduction.....	186
6.2	Single-case and cross-case overall conclusions.....	186
6.3	Responding to the research questions.....	188
6.3.1	Socioemotional wealth influencing family business entrepreneurial behaviour .....	189
6.3.2	The socioemotional wealth construct in the cases under research .....	191
6.3.3	The evolution in the importance of the socioemotional wealth priorities .....	192
6.3.4	Impact of the change in the socioemotional wealth priorities on firms' entrepreneurial behaviour .....	193
6.3.5	The relationship of family climate to socioemotional wealth .....	194
6.3.6	Factors expressing family climate in the cases under research .....	195

6.3.7	Threats to the socioemotional wealth priorities and its impact on family business entrepreneurial behaviour .....	195
6.3.8	Threat to family business continuity (closure due to poor financial performance) and its impact on family business entrepreneurial behaviour.....	196
6.3.9	Cultural differences relate to socioemotional wealth priorities and firms' entrepreneurial behaviour .....	197
6.4	Implications for theory and practice .....	198
6.4.1	Implications for theory .....	198
6.4.2	Implications for practice .....	201
6.5	Research limitations.....	202
6.6	Futures research directions .....	204
	<b>List of References.....</b>	<b>207</b>
	<b>Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings .....</b>	<b>235</b>
	<b>Appendix 2.2: National/cultural background and type of firms in the sample used in the empirical research in Appendix 2.1 .....</b>	<b>243</b>
	<b>Appendix 2.3: Summary of variables (grouped as factors) to capture SEW priorities, threat to SEW, business context, family context and business behaviour.....</b>	<b>246</b>
	<b>Appendix 3.1: Protocols for data collection and data analysis.....</b>	<b>250</b>
	<b>Appendix 3.2: Relevant ethics files .....</b>	<b>255</b>
	<b>Appendix 4.1: Miller family business factors.....</b>	<b>259</b>
	<b>Appendix 4.2: Guerra family business factors.....</b>	<b>264</b>
	<b>Appendix 4.3: Smith family business factors .....</b>	<b>269</b>
	<b>Appendix 5.1: Cross-case family business factors .....</b>	<b>275</b>

## List of Tables

Table 2.1: Summary of critical information on the research about socioemotional wealth .....	21
Table 3.1: Family businesses that agreed to participate in this research .....	62
Table 3.2: Criteria for determining this study's theoretical sample .....	63
Table 4.1: MFBC general features .....	80
Table 4.2: Interviewees' background data .....	82
Table 4.3: MFBC interviewer's reflections .....	83
Table 4.4: GFBC general features .....	105
Table 4.5: Interviewees' background data .....	107
Table 4.6: GFBC interviewer's reflections .....	108
Table 4.7: SFBC general features .....	130
Table 4.8: Interviewees' background data .....	132
Table 4.9: SFBC interviewer's reflections .....	133
Table 5.1: Cases' descriptive information and general themes from their narrative .....	160
Table 5.2: Cross-case comparison .....	162

## List of Figures

Figure 2.1: Theoretical framework of socioemotional wealth .....	32
Figure 3.1: Mapping epistemologies against ontologies .....	47
Figure 4.1: Context/socioemotional wealth/entrepreneurial behaviour theoretical framework ....	79
Figure 4.2: Case 1 theorising framework .....	101
Figure 4.3: Case 2 theorising framework .....	124
Figure 4.4: Case 3 theorising framework .....	150
Figure 5.1: Cross-case analysis: Framework of relationship context/socioemotional priorities/family business entrepreneurial behaviour .....	157
Figure 5.2: Socioemotional wealth manifestation in the cross-case analysis.....	177
Figure 5.3: Final cross-case theorising model .....	178



# Chapter 1 Introduction

## 1.1 Introducing the research

Family businesses are the most common form of enterprise in the world (La Porta, Lopez-de-Silanes, & Shleifer, 1999). The parameters for a business to be considered a family business are many, but the level of family business ownership and management control have been accepted for identifying an organisation as a family business (e.g. Villalonga & Amit, 2006; Zellweger, Kellermanns, Chrisman, & Chua, 2012). Thus, the many differences (for example, in terms of family involvement, governance structures or generational stage) exposing the heterogeneity among these organisations has been acknowledged and a specific scale has been developed to identify them in terms of family power, experience and culture (F-PEC scale) (Astrachan, Klein, & Smyrnios, 2002; Klein, Astrachan, & Smyrnios, 2005).

Theory about family firms has looked to explain not only the difference between family and non-family businesses, but also differences among different types of family enterprises (Chrisman et al., 1999; Chua, Chrisman, Steier, & Rau, 2012). For this reason, the field has been influenced by a broad range of disciplines, with agency theory and the resource-based view (RBV) of the firm as the main contenders (Chrisman, Chua, & Sharma, 2005; Chrisman, Kellermanns, Chan, & Liano, 2010). These theoretical foundations have been largely based on the rational economic principle of the maximisation of the economic wealth (Chrisman et al., 2010). However, family business has started to highlight the relevance of several non-economic motivations as critical factors in the decision-making process (Baron, 2008; Colli, 2011), such as socioemotional wealth.

There are several definitions of socioemotional wealth; however, the priority for preserving the family control on the business ownership and the family influence on the management decisions have been observed to be their most salient characteristics (Chrisman, Chua, &

Sharma, 1999). The socioemotional wealth perspective of the family business has been critical in making progress in the family firm's theory over the past few years (Schulze & Kellermanns, 2015). It proposes that rather than economic wealth maximisation, the "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence and the perpetuation of the family dynasty" are the primary point of reference in decision making within the family business context (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007, p. 106). Past empirical research has stated that preservation of the socioemotional wealth of the family business is the main point of reference when this organisation makes strategic decisions (e.g. Berrone, Cruz, & Gomez-Mejia, 2014; Gómez-Mejía et al., 2007). This theoretical perspective has been widely used to improve the understanding of family business in areas such as Corporate Social Responsibility, their behaviour when making strategic investments and the strategies they follow to go into a new international market, among others (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Chang, Kao, & Kuo, 2014; Jain & Shao, 2014). However, how socioemotional priorities impact on these organisations' entrepreneurial behaviour remains mostly unknown (the only exception is Schepers, Voordeckers, Steijvers, & Laveren, 2014).

This research aims to contribute to the understanding of family business by addressing this gap in the literature. In the next sections, this chapter discusses the nature of this research, provides an overview about the methodology supporting this investigation, explains important issues about the research context, indicates the significance of this research and, finally, explains how this thesis document has been organised.

## **1.2 Nature of the research**

This section explains the nature of the research problem and the nature of the research questions. Accordingly, following is a brief discussion about of these.

### **1.2.1 Nature of the research problem**

Entrepreneurial behaviour is one of the most important aspects of business performance, growth and success (Kellermanns, Eddleston, Barnett, & Pearson, 2008; Lumpkin & Dess, 1996). It is also a key factor in the development and maintenance of competitive advantages in any type of firm (Covin, Slevin, & Heeley, 2000). Thus, it is critical for family businesses to create lasting success and long-term stability (Englisch, Hall, & Astrachan, 2015). However, research about family businesses has mostly been developed in parallel with investigations about entrepreneurship (Nordqvist & Melin, 2010), ignoring the close connection between these two constructs. For this reason, investigating and providing information about these two fields of knowledge together would be critical for improving the competitiveness of small and medium-sized enterprises, where entrepreneurship and the family business co-exist.

The purpose of this research is to fill this gap and joint in one study the background on family business and entrepreneurship together in order to understand the underlying meaning of socioemotional wealth and its impact on family business entrepreneurial behaviour. Thus, a multiple case based research was undertaken to respond to the research questions stated below. Based on critical realism and following an inductive-deductive process of analysis, this investigation analyses small and medium-sized family businesses from Chile and Australia. The selected sample of cases provides contrasting settings to compare and look for patterns that provide information that addresses the research questions.

### **1.2.2 Research questions**

In general terms, this research looks to understand the underlying meaning of socioemotional wealth and its impact on family business entrepreneurial behaviour. As mentioned above, socioemotional wealth is related to the non-economic benefits the owner family gains from the firm (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). This study aims

to explain how family business events influence socioemotional wealth, and why a family business needs to behave heterogeneously to preserve socioemotional wealth. To achieve this aim, nine research questions have been developed and are presented below. The theoretical discussion on them is presented in Chapter 2.

Q1: How does socioemotional wealth influence family business entrepreneurial behaviour?

Q2: How does the socioemotional wealth construct form in the cases under research?

Q3: Why can the socioemotional wealth construct be different in different cases and at different points in time?

Q4: How can it impact on firms' entrepreneurial behaviour?

Q5: How is family climate related to socioemotional wealth?

Q6: How is family climate expressed in the cases in this research?

Q7: How do threats to any of the socioemotional wealth priorities impact on family business entrepreneurial behaviour?

Q8: How does the threat to family business continuity (closure due to poor financial performance) impact on family business entrepreneurial behaviour?

Q9: How do cultural differences relate to socioemotional wealth priorities and firms' entrepreneurial behaviour?

### **1.3 Methodology overview**

From constructivism to positivism, there are many philosophical paradigms for observing the reality, and most of them demand acceptance of the trade-off between emphasising causality and understanding the meaning of social actions in their own context (Easterby-Smith, Thorpe, & Jackson, 2012). This study is based on critical realism, because their structured ontology avoids this trade-off by incorporating new insights from the context of the cases without denying the theoretical background already developed (Bhaskar, 1975). Thus, this investigation has been

defined as an explanatory multiple case research (De Massis & Kotlar, 2014). It is supported in the discussions presented in Sections 3.2, 3.3 and 3.4 of this document. The investigation used “sequential replication” of small and medium-sized family businesses from Australia and Chile (Denis, Lamothe, & Langley, 2001; Yin, 2014). Based on identity theory (Ashforth & Mael, 1989), to identify appropriate family businesses from Chile and Australia, three different cultural settings were considered. Thus, Chilean families running businesses in Chile, Chilean families running businesses in Australia and Australian families running businesses in Australia were part of the sample used in this research. The cases were selected following theoretical criteria and also because the researcher was able to access the families and businesses (De Massis & Kotlar, 2014; Eisenhardt, 1989). Nine small and medium-sized family businesses formed the purposeful sample from which data were collected; however, the analysis was undertaken on the three most meaningful cases because at this point findings reached saturation point (Kotlar & De Massis, 2013). Accordingly, three single cases were analysed and reported on independently, providing an initial insight to respond to the research questions stated above. This was complemented with a cross-case analysis that determined the similarities, differences and patterns across the heterogeneous settings the cases provided. Finally, the triangulation between the findings obtained from the single case analysis, the cross-case analysis and the theoretical research provided the information that supported the final conclusions of this investigation.

#### **1.4 The context of the research**

Considering the qualitative nature of this research, it is important to provide some contextual issues that could help in understanding the cultural background of the family businesses considered in this study, as well as the researcher’s previous experience and motivation for developing this investigation. Following is a brief discussion of these points.

### **1.4.1 Chile and Australia profile and family business context**

Chile is a country of South America; its official language is Spanish and its capital city is Santiago. With over 18 million inhabitants, it is acknowledged to be one of the Latin American countries with the highest incomes, economic growth and quality of life (International Monetary Found, 2011). Chile is seen as a country with high political stability; it is a democratic country that is governed under the constitution that was approved in 1980. The country has a presidential system of government, which is decentralised and looks to guarantee the independence of its institutions. From a cultural point of view, the 2012 census reported that more than 65% of Chileans consider themselves Catholics. It is a country where immigrants have played a central role in its history, and for this reason it is seen as a multi-ethnic society.

Family businesses in this country are a central part of the economy and the most important source of employment. It has been estimated that these organisations represent at least 75% of the total enterprises functioning. They contribute 63% of the employment and 61% of the total sales. Similar to what is observed around the world, most of the family businesses in Chile are small and medium-sized organisations (Jiménez, Arriagada, Mandakovic, & Echeverría, 2014). Chilean family businesses were considered for this study because the Chilean economy is an interesting setting due to its highlighted position in the Latin American context and its implementation of several policies that provide a positive business environment, stability and transparency (Martinez, Stohr, & Quiroga, 2007).

Australian family businesses were also considered for this investigation. According to the International Monetary Found (2015), Australia is the twelfth most important economy in the world. This country has a parliamentary system and is guided by a constitutional monarchy. Australia is acknowledged for its political and economic stability, as well as its transparency and clear rules for business development. With about 23 million people, it is a very multicultural

country. Almost 25% of its population was not born in the country, and more than 40% have at least one of their parents born abroad (Australian Bureau of Statistics, 2012).

Family businesses in Australia represent almost 70% of all the enterprises of the Australian economy (Graves & Thomas, 2006). As happens in Chile, in Australia most of these organisations are small and medium-sized businesses. Their primary concern is balancing family and business issues, followed by preserving family control and preparing a successor. Australian family businesses acknowledge that family values have a major impact on the way the business operates, and one out of three family businesses believe that family issues have equal or greater influence than the business events (by themselves) on the organisation's performance. Similarly, two out of three Australian family businesses have already made decisions about exit or succession (KPMG & Family Business Australia, 2013).

Overall, it was considered that Chilean family businesses provide a contrasting cultural setting to those provided by the Australian family businesses. It enriches the source of data and allows observation of the cultural issues influencing socioemotional wealth formation, the priorities driving this wealth and the way socioemotional wealth impacts on family business entrepreneurial behaviour. Also, the analysis of cases from different cultural backgrounds can provide stronger support for the patterns and conclusions obtained from this investigation.

#### **1.4.2 Role and background of the researcher**

As this investigation is based on cases, the role of the researcher, his experience and background were central for the study. He was born in a small country town in the Bío-Bío Region in the south of Chile. The researcher came from an entrepreneurial family that had developed a medium-sized family enterprise with businesses in commerce, cattle growing, small pine forest plantations and, lately, real estate and construction. His parents started the family business almost 50 years ago, and today the organisation is still led by his father. The

researcher's two brothers and sister are involved in the day-to-day activities of the family business and he stays connected and interested in being part of the decision making whenever possible. The researcher's close connection with family business management led him to realise the existence of an important gap between traditional management theory and the way his family business was successfully managed. It motivated him to understand the reasons behind this gap in order to develop mechanisms that allow theory to connect with practice. This personal experience, background and motivations were central to determining the research topic and conducting the investigation process. Similarly, his personal motivations, experience and knowledge on small and medium-sized family business contributed to his view about which strategic process (entrepreneurial behaviour) should be addressed and which motivation should be observed (non-economic motivations).

As a scholar, the researcher has 15 years' academic experience in Chile. He has been part of previous research projects about family business and small/medium enterprises. In his role as a lecturer of business strategy, he has supported several students in developing their business ideas and has also supported entrepreneurs as part of business incubators in two different universities in Chile.

### **1.5 Significance of the research**

This investigation is based on the most interesting theoretical perspective about family businesses developed in the last few years (Salvato & Aldrich, 2012). It challenges the traditional economic views on which studies about this type of organisation have normally been based. Accordingly, it was considered important to keep developing the socioemotional wealth perspective of the family firms. Following is discussion of the central elements of this theory, and the intended contributions of these investigations are then summarised.



### **1.5.1 Theoretical perspective**

Consideration of the socioemotional wealth perspective of the family firms has been critical for making progress on the study of these organisations over the last eight years; however, many questions remained unanswered, and this investigation aims to address this gap. This theoretical perspective is directly anchored in prospect theory and behavioural agency model principles (Kahneman & Tversky, 1979; Wiseman & Gomez-Mejia, 1998), and, for this reason, the scenarios faced by firms and the way the organisations frame the problems are critical aspects for understanding variations in family business behaviour.

Several studies based on socioemotional wealth have shown that strategic decision making in family business is biased by different socioemotional wealth priorities, such as maintaining family control on the business ownership and management, or creating/preserving jobs for family members (e.g. Goel, Voordeckers, Van Gils, & Van den Heuvel, 2013). These priorities vary between different family businesses and at different points in time, depending on specific contextual considerations (Strike, Berrone, Sapp, & Congiu, 2015). Accordingly, it is expected that the contextual conditions surrounding the family business would be critical in explaining the family firms' priorities that are driving their decision making.

This theoretical perspective has been used to explain family firms' Corporate Social Responsibility behaviour, internationalisation strategies, and research and development decision making (e.g. Berrone et al., 2010; Chang et al., 2014). However, there is almost no research that explains the socioemotional wealth dynamic behind small and medium-sized family business entrepreneurial behaviour. Similarly, many empirical studies have proven the reliability of the socioemotional wealth perspective in different national/cultural settings. Research based on family firms from Europe, Asia and America has consistently provided evidence to test hypotheses based on this perspective (e.g. Block & Wagner, 2014a; Deephouse & Jaskiewicz,

2013). However, most of this research is quantitative in nature and it is not clear as yet if cultural considerations could impact on socioemotional wealth priorities.

In summary, the socioemotional wealth perspective of family firms has shown a great potential for explaining their behaviour and important progress has been made in this field. This perspective proposes a new paradigm in the study of these organisations that states that family firms' strategic decision making is primarily based on preserving socioemotional wealth rather than maximisation of the economic wealth of the business. Accordingly, this view implies the needs an understanding of the drivers of non-economic wealth as the main point of reference to explain family firms' behaviour. In this way, socioemotional wealth principles are considered to be critical to explaining small and medium-sized family firms' entrepreneurial behaviour and provide support for improving the decision making and efficiency of these firms.

### **1.5.2 Intended contributions and benefits**

This research looks to contribute to one of the most critical theoretical perspectives about family business that has developed over the last few years (Schulze & Kellermanns, 2015). It looks to determine the dynamic behind socioemotional wealth formation, the factors (priorities) capturing this wealth and the way it impacts on family business strategic decision making, specifically their entrepreneurial behaviour. Although there is intuition about how socioemotional wealth impacts on family business entrepreneurial behaviour, these has only been one study of this relationship (Schepers et al., 2014). There is no qualitative research that has developed a deep understanding about this point. This research intends to explain the complex social process at the family and the business level to explain what the socioemotional wealth priorities are at different moments in time, how they gain/lose importance in different contexts, which of them are more/less critical in explaining entrepreneurial behaviour and how they impact on it. Thus, this investigation aims to show that socioemotional wealth can take

several forms, and proposes for first time that it is a dynamic rather than a static construct. Similarly, this research aims to show the wider range of factors that could drive socioemotional wealth, and show that socioemotional wealth could be based at both the family and the business level. Finally, this investigation looks to incorporate several different contexts to determine similarities and differences in family business entrepreneurial behaviour and to observe patterns regarding the matter.

## **1.6 Organisation of the thesis**

Chapter 2 presents a theoretical discussion on the drivers of socioemotional wealth and their impact on family business entrepreneurial behaviour. The chapter focuses firstly on the foundational theories about family businesses. Secondly, the socioemotional wealth perspective is introduced as an alternative theory that can help to move the family business field forward. Then, based on a systematic literature review of 60 articles published on socioemotional wealth, an analysis of the past research on this topic is presented. Fourth, relevant issues on socioemotional wealth for this research are discussed. Finally, this chapter presents the theoretical discussion that inspired the research questions.

Chapter 3 explains the methodological process and philosophical foundations under which this research has been conducted. It describes the research process from the planning and design phase to the analysis and conclusions stage. This chapter describes the rationale for the selection of the ontological and epistemological position this research follows. This rationale also explains why research based on multiple cases is the best design for this particular study, and why contextualised explanation was used as the type of case study design in this investigation. The chapter also discusses the criteria for judging the quality of this research, describes the data collection and analysis and finally discusses how the results and findings are reported.

Chapter 4 presents the results of each case analysis. The discussion shows how, in each family business, the context influences the socioemotional wealth priorities driving their decision making. It also emphasises how socioemotional priorities impact on the entrepreneurial behaviour of the family businesses involved in this study. Thus, the chapter is centred on explaining why the entrepreneurial behaviour changed through time in each case. It summarises the context/socioemotional wealth/entrepreneurial behaviour relationship expected based the literature review. The chapter also shows how the socioemotional wealth construct was formed in each case.

Chapter 5 reports the main results and conclusions obtained from the cross-case analysis. It addresses the questions of this research. The analysis puts together the findings discussed in the single case analysis and compares similarities and differences between the cases to determine the patterns forming this investigation theorising model. It attempts to explain how context influences the priorities that create or destroy socioemotional wealth, how the socioemotional priorities influence family business entrepreneurial behaviour and why family business entrepreneurial behaviour changes through time.

Chapter 6 presents the final conclusions, research limitations and implications for theory and practice. This chapter discusses the most critical observations obtained from this multiple case research. It aims to develop a contextualised explanation to respond to the research questions behind this investigation.

## **Chapter 2 Theoretical Framework**

### **2.1 Introduction**

In the previous chapter, the research was introduced and the general question that prompted this study was stated. Following is a theoretical discussion on the drivers of socioemotional wealth and their impact on family business entrepreneurial behaviour. The chapter focuses firstly on the foundational theories about family businesses. Second, the theoretical analysis focuses on introducing the socioemotional wealth perspective as an alternative theory that can help to move the field forward. Third, based on a systematic literature review of the 60 articles published on this core construct, an analysis of the past research about socioemotional wealth is presented (see Appendix 2). Fourth, relevant issues on socioemotional wealth for this research are discussed. Finally, the theoretical discussion that inspired the research questions is reported.

### **2.2 Family business foundational theories**

Family business scholars agree on the need to build a family firm theory that is able to explain not only the differences between family and non-family businesses, but also the differences among different types of family enterprises (Chrisman et al., 1999; Chua et al., 2012). Family business literature has been evolving over the last 25 years. This evolution has been largely multidisciplinary in emphasis and theoretical sources (Chrisman et al., 2010). However, agency theory (Jensen & Meckling, 1976) and the resource-based view (RBV) of the firm (Wernerfelt, 1984) have dominated the literature as the two most important foundational theories (Chrisman et al., 2005). This section analyses three of the most important foundational theories on which the theory of family firms has been based.

### **2.2.1 Agency theory and the resource-based view: The most influential theories on family business studies**

Agency theory and the resource-based view of the firm have made significant contributions to the current theory of the family firm. The first theory is centred on the assumption that managers' and owners' interests are not aligned; consequently, family firms have their own concerns about how to avoid unwanted behaviour and minimise agency costs (Chrisman et al., 2005; Gomez-Mejia, Nuñez-Nickel, & Gutierrez, 2001; La Porta et al., 1999; Schulze, Lubatkin, Dino, & Buchholtz, 2001). Initially, considering the nature of family business, where ownership and management are within the same family, researchers suggested that agency problems would be lower (Fama & Jensen, 1983). However, Morck, Shleifer, and Vishny (1988) show that in a family business, an agency problem can exist between owners who have different possibilities of obtaining private benefits from the business, but not between owners and managers. Therefore, emphasis has been placed on owner-owner agency problems, since La Porta et al. (1999) found that most of the large firms around the world are family owned and families have control of these companies in excess of their cash flow right. In this way, one of the most important contributions is related to altruistic behaviour, entrenchment and self-control in the family business. This can create agency problems even in family firms with concentrated ownership (Gomez-Mejia et al., 2001; Schulze, Lubatkin, & Dino, 2003a, 2003b; Schulze et al., 2001).

The second theory recognises heterogeneity among firms as a source of competitive advantage (Barney, 1991). This theory states that differences in the stock of resources among companies can be the source of competitive advantage, which explains business behaviour and performance (Wernerfelt, 1984). In this way, family business research has focused on understanding which resources, and what combination of them, provide the family businesses with a competitive advantage (Chirico & Nordqvist, 2010; Sirmon & Hitt, 2003). Because of the overlap between the family and the business system, family business has a special ability to find

and develop resources through which they can become more or less competitive (Habbershon & Williams, 1999). For example, the family's characteristics have a significant impact on the family business' stock of resources, because family contributes with human, social and financial capital (Danes, Stafford, Haynes, & Amarapurkar, 2009). Further, research already undertaken has shown that when family members help in the business and provide emotional support, the business is more successful (Danes & Lee, 2004; Danes & Morgan, 2004). Inversely, when family conflict between active and non-active family members arises and there are financial demands from the family, a negative impact on performance has been observed (Danes, Haberman, & McTavish, 2005).

### **2.2.2 Stewardship theory expanding the theoretical source nourishing family business research**

The two aforementioned theories are mainly supported by rational economy and strategic management assumptions that people and firms are primarily looking to increase their economic wealth. However, it is widely acknowledged that family firms seek more than economic value, and consequently non-economic goals are critical (Tagiuri & Davis, 1992; Zellweger, Nason, Nordqvist, & Brush, 2013). Thus, by themselves, these theories do not adequately predict the heterogeneous behaviour among family businesses nor the differences between family and non-family firms (Berrone, Cruz, & Gomez-Mejia, 2012; Eddleston & Kellermanns, 2007).

Consequently, family business research has expanded by adopting ideologies from a range of disciplines (Sharma, Melin, & Nordqvist, 2014). Trying to incorporate both the family and the business system, scholars have included theories from organisational behaviour and psychology as alternatives aimed at complementing the predominant economics-based views (Chrisman et al., 2010; James, Jennings, & Breitzkreuz, 2012). From this merger, stewardship theory is presented, as it highlights the collaborative relationship among family members involved in the

business (Davis, Schoorman, & Donaldson, 1997; D. Miller & Le Breton-Miller, 2006). It is normal in family businesses as a consequence of their prevalent altruistic atmosphere (Corbetta & Salvato, 2004). This theory has its place in family business research; however, considering that it exists at the opposite end of agency theory, its applicability to family business is questionable, particularly when economic and non-economic goals are intertwined in family business decision making.

### **2.3 Socioemotional wealth perspective as an alternative to move the field forward**

In order to move the field forward, scholars keep trying to better incorporate the uniqueness of family businesses and their heterogeneity (Chua, Chrisman, & De Massis, 2015; Dawson & Mussolino, 2014). It requires consideration of the essence of the family business (Chrisman et al., 1999, 2005), but at the same time, their many salient and individual goals need to be captured (Chua et al., 2012; Tagiuri & Davis, 1992). In this context, the socioemotional wealth perspective seems to be an interesting alternative for improving the understanding of this type of organisation (Salvato & Aldrich, 2012). It is seen as a significant opportunity to explain family business behaviour and respond to the research questions in this study. Accordingly, an in-depth analysis of the definition of socioemotional wealth, its guiding principles and how it can help to move the field forward needs to be undertaken. Below is a discussion on what socioemotional wealth is, and how this perspective can become a key to developing an understanding of family businesses.

#### **2.3.1 Defining socioemotional wealth**

The socioemotional wealth perspective, which is directly anchored in behavioural agency theory (Wiseman & Gomez-Mejia, 1998), has garnered attention from family business scholars. It takes into account the broad interests and goals implicit in the family business (Chrisman,



Chua, & Litz, 2003; Sharma & Carney, 2012; Tagiuri & Davis, 1992). It proposes that the “non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence and the perpetuation of the family dynasty” are the primary point of reference, rather than economic wealth maximisation, in decision making within the family business context (Gómez-Mejía et al., 2007, p. 106). As it has been built on the basis of prospect theory principles (Kahneman & Tversky, 1979), the scenarios that the firm faces and the way problems are framed are critical aspects for understanding variations in family business behaviour. Goals such as an increase or preservation of the family reputation (Colli, 2011), strengthening of the family identity (Dyer & Whetten, 2006) and maintaining the family’s control and influence on the business (Berrone et al., 2010) have been highlighted as salient goals held by family members. Thus, the most compelling socioemotional wealth construct, labelled FIBER, considers the five dimensions of “family control and influence, identification of the family members, binding social ties, emotional attachment of the family members and renewal of family bond through dynasty succession” (Berrone et al., 2012, p. 266).

Socioemotional wealth is related to the non-economic benefit the owner gains from the firm (Berrone et al., 2012; Gomez-Mejia et al., 2011; Gomez-Mejia, Makri, & Kintana, 2010). More specifically, it is defined as the perceived value of business ownership, and is reflected in the owners’ perception of the economic value of the firm (Astrachan & Jaskiewicz, 2008; Zellweger et al., 2012). This emotional wealth can be understood as “the absolute difference between the owner’s subjective value assessment and the objective market value for the ownership stake of a firm” (Zellweger & Dehlen, 2012, p. 282). Importantly, socioemotional wealth is not the same as private benefits obtained from a dominant position in the family business (Villalonga & Amit, 2006), because the emotional benefits defined in this construct “are not necessarily obtained at the expense of other shareholders” (Zellweger et al., 2012, p. 3). It does not mean that socioemotional wealth preservation is positively correlated with economic

performance. In fact, balancing these two constructs is conceptually difficult because economic and emotional performance is most often in conflict (Cennamo, Berrone, Cruz, & Gomez-Mejia, 2012; Cruz, Justo, & De Castro, 2012).

### **2.3.2 Socioemotional wealth: A key for improving the understanding of family businesses**

So far, the literature on family business has been centred on adopting assumptions devised from the standard treatment of principles from organisation theory applied to non-family business (James et al., 2012; Jennings, Breitkreuz, & James, 2013). Although socioemotional wealth has a similar basis, it focuses on behavioural instead of rational economy. Accordingly, empirical studies based on this perspective have demonstrated that the primary concern of family business is to preserve the owner's socioemotional wealth instead of maximising the firm's economic value (e.g. Gómez-Mejía et al., 2007; Vandekerckhof, Steijvers, Hendriks, & Voordeckers, 2015). In this way, it has been demonstrated that social and emotional considerations bias the family business owners' economic assets valuation and their strategic decision making (Schmid, Ampenberger, Kaserer, & Achleitner, 2015; Zellweger et al., 2012).

Based on the previous discussion, it is possible to say that the socioemotional wealth perspective proposes a new way to observe and study family firms' priorities and behaviour. Set between the agency and the stewardship theories, this perspective has the potential to combine, under a single framework, goal capturing flows (close to agency theory) and stocks (closely related to RBV) (Chua et al., 2015). It is significant, because stocks are the most important pillar on which to build competitive advantage, and flows can be managed to create value in the short term (Dierickx & Cool, 1989).

In other words, socioemotional wealth has the ability to integrate different theoretical perspectives, as well as incorporate and differentiate the personal, family and organisational goals (Dawson & Mussolino, 2014). Thus, it allows for a better understanding of the overlapping

relationships between the family and the business, which is considered the most distinctive feature of this type of organisation, that influences the priorities behind the decision making (Habbershon, Williams, & MacMillan, 2003; Zahra & Sharma, 2004). Similarly, it provides a theoretical framework that better explains not only the differences between family and non-family businesses, but also differences within them (Salvato & Aldrich, 2012). In summary, socioemotional wealth is considered “a core construct” that can be an “alternative to conflicting theoretical views” (Gomez-Mejia et al., 2011, p. 695). Accordingly, it will be central for responding to the research questions stated in this study.

## **2.4 Past research on socioemotional wealth**

A quick search on the Web of Science shows 166 results related to the word socioemotional wealth<sup>1</sup>. It is tangible evidence that shows the impact this theoretical perspective has had on the family business field. Most of this research (over 85%) has been published in the last three years. After a systematic literature review, 60 out of the 166 articles were considered to be directly focused on socioemotional wealth. Appendix 2.1 shows how the socioemotional construct was defined in these studies, and the methodology and findings of the articles analysed. Table 2.1 summarises the critical information on the national/cultural background of the samples, the type of firms included in the empirical work and the type of study<sup>2</sup>.

The systematic analysis of these articles showed the ways socioemotional wealth has been used. It also explains how this knowledge supports the research process reported in this document. The next section presents a discussion on the breadth of these studies in terms of the type of firms (size), the cultural setting (country) represented in the samples and the methodological support on which they have been built. Then, the analysis focuses on how socioemotional wealth has been used to explain family firms’ decision making and behaviour. In

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<sup>1</sup> Search updated at July 2015.

<sup>2</sup> The table was built based on the information in Appendix 2.1 and Appendix 2.2

other words, it highlights the power of prediction socioemotional wealth has when it is used as an independent variable. Finally, the few studies where socioemotional wealth has been analysed as a dependent variable are commented on.

**Table 2.1: Summary of critical information on the research about socioemotional wealth**

Type of study	N° of articles	National/cultural background**				Type of firm***	N° of articles
		Country of the sample	N°	Summary	N°		
<b>Quantitative</b>	<b>40</b>	Italy	8	One country	28	Private firms	3
Survey. Cross sectional	16	Germany	8	Multiple countries	14	Public firms	13
Survey/Archival data. Cross sectional	1	USA	8	<b>Total</b>	42	Private family firms	7
Times series-cross sectional/archival data*	22	Spain	5			Public family firms	4
Data panel/Archival data/Survey	1	Belgium	4			SME and large firms	2
		Taiwan	3	Europe	24	SME family firms	3
<b>Qualitative</b>	<b>2</b>	Netherland	2	North America	8		
Multiple cases	2	Switzerland	2	Asia	5	Large firms	2
		China	2	Central America	1	Large family firms	2
<b>Total of empirical studies</b>	<b>42</b>	UK	2	Europe and Asia	1	Family firms	1
<b>Literature review</b>	<b>18</b>	Canada	1	Not informed	3	Not informed	1
<b>Total</b>	<b>60</b>	Portugal	1	<b>Total</b>	42	Large public firms	1
		Croatia	1			SME firms	2
		India	1			Family daily farms	1
		Japan	1				
		South Korea	1			<b>Total</b>	42
		Sweden	1				
		Dominican Republic	1				
		France	1				

\*Twelve articles were explicitly informed as the data panel

\*\* Countries where the samples came from

\*\*\* As the final sample was labelled in the articles

#### **2.4.1 Socioemotional wealth research scope**

The discussion about the scope of the research on socioemotional wealth is very important for supporting the validity of this theoretical perspective. The articles summarised in Appendices 2.1 and 2.2 have shown the strength of this research construct in different national/cultural settings, as well as in different types of family firms. Similarly, they have also been shown to be consistent using different methodological tools.

In this way, while most of the empirical research has been on European family businesses, hypotheses on socioemotional wealth have also been tested with North American, Asian and Latin American samples<sup>3</sup> (e.g. Cruz et al., 2012; Liang, Wang, & Cui, 2014; Naldi, Cennamo, Corbetta, & Gomez-Mejia, 2013; Strike et al., 2015). These studies have analysed small, medium and large-sized family businesses, and also public and private trade firms, with very good results (e.g. Fernando, Schneible, & Suh, 2014; Marques, Presas, & Simon, 2014). In terms of methodology, the research on socioemotional wealth has been supported by both quantitative and qualitative methods. More specifically, techniques such as multiple case analysis, regression analysis and data panel, among others, have relied on interviews, surveys and archival data to respond to their research questions (e.g. Glover & Reay, 2015; Marques, Bikfalvi, Simon, Llach, & Lerch, 2015; Miller, Le Breton-Miller, & Lester, 2013). All these empirical studies have proven to be consistent in explaining the role of context on socioemotional wealth formation and preservation. They have also shed light on the dimensions forming the core construct driving this investigation. Similarly, they have been reliable in predicting family firms' behaviour, as analysed below.

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<sup>3</sup> As shown in table 2.1.

## **2.4.2 Socioemotional wealth as an independent variable explaining family firms'**

### **behaviours**

Most of the research on socioemotional wealth has been focused on understanding how it influences different family business behaviours. Some of these studies have used the construct as a direct independent variable (e.g. Faghfouri, Kraiczy, Hack, & Kellermanns, 2015; Jain & Shao, 2014); however, others have used socioemotional wealth as a moderator of the relationship between two other variables (e.g. Kraiczy, Hack, & Kellermanns, 2015; Schepers et al., 2014). In both cases, this theoretical perspective has proven to be reliable in explaining the decision-making and business behaviours in the context of family firms.

The principles behind the socioemotional wealth theoretical framework have shown their ability to predict Corporate Social Responsibility, social engagement and family firms' internationalisation strategies (Ceja-Barba, 2014; Pukall & Calabro, 2014; Van Gils, Dibrell, Neubaum, & Craig, 2014). Similarly, empirical research has explained how these organisations behave when they make decisions related to research and development investment, acquisitions/diversification and risk taking (e.g. Jain & Shao, 2014; Strike et al., 2015). Finally, the research on socioemotional wealth has also provided a better understanding of the family firms' behaviour when they undertake financial reporting and the way they behave with stakeholders (e.g. Hauswald & Hack, 2013; Stockmans, Lybaert, & Voordeckers, 2010).

Family firms' Corporate Social Responsibility has been the most researched behaviour using the socioemotional wealth perspective (see Appendix 2.3). This research started emphasising that family firms pollute less than non-family firms as a way of enhancing the family's reputation within the community (Berrone et al., 2010). Similarly, Dou, Zhang, and Su (2014) have found that family ownership positively impacts on firms' charitable donations, but it is negatively moderated by the next generation's unwillingness to take over the business. Overall, evidence has been provided to state that the priority for reputation leads family firms to

show positive standards in terms of Corporate Social Responsibility concerns (Block & Wagner, 2014b). But this situation can change in scenarios where there is conflict between the priority for reputation and the goal of keeping family control and influence on their business (Cruz, Larrazakintana, Garces-Galdeano, & Berrone, 2014; Vardaman & Gondo, 2014).

Preserving socioemotional wealth has also been central to explaining family firms' internationalisation behaviour. Thus, the experience family businesses have in penetrating a new international market is critical for determining the choice of an entry strategy. While inexperienced family businesses prefer joint ventures, the best option for experienced family firms is opening wholly owned subsidiaries (Kuo, Kao, Chang, & Chiu, 2012). Similarly, high governance quality and low environmental uncertainty in the host country result in the family firms preferring wholly owned subsidiaries rather than joint ventures (Chang et al., 2014; Kao, Kuo, & Chang, 2013). Accordingly, when they have enough international experience and the new market provides clear rules and stability, family firms focus on keeping control and influence on their businesses; however, when the scenario is the opposite, they prefer to minimise the risk by giving up part of their control to make their international venture safer.

Similar patterns in the relationship between socioemotional wealth and business behaviour have been confirmed by others studies. All of them shed light on the importance of understanding the specific contextual conditions that explain how socioemotional wealth is preserved. For example, Block, Miller, Jaskiewicz, and Spiegel (2013) conclude that family firms engage in marginal innovation with less economic and technological impact, but this changes when family firms are led by their founder. It was also observed that family firms invest less in research and development and they choose less risky investments than non-family firms. However, this changes when the firm's performance is below expectation (Chrisman & Patel, 2012; Patel & Chrisman, 2014). It was observed that acquired family firms showed lower earning quality than non-acquired family firms. The first performed better (in terms of earning



quality) with a non-family CEO, while the second benefited from being led by a family member (Pazzaglia, Mengoli, & Sapienza, 2013).

In summary, the priority on preserving socioemotional wealth has been shown to be very reliable in predicting family business decision making and behaviour. However, the construct is formed by several dimensions and the way to preserve it can change under different contextual conditions. Accordingly, it is necessary to look not only at the drivers of socioemotional wealth, but also at the family and business context shaping these priorities.

#### **2.4.3 Socioemotional wealth as a dependent variable: What is behind its formation?**

All the research analysed in the previous section has emphasised the specific settings the firms were facing that explained the socioemotional wealth influence on decision making. Accordingly, it is necessary to look at the few studies using socioemotional wealth as a dependent variable. It will allow for a better understanding of the dynamic behind non-economic wealth formation and preservation. A first conceptual approach on this point proposed that some family firms' owners are more or less emotionally biased than others. The level of emotional bias would be a function of target, personal and situational features (Zellweger & Dehlen, 2012). Thus, socioemotional wealth is defined as personal and susceptible to change because the priorities forming this construct impact on, and at the same time are impacted by, the family business activities (Morgan & Gomez-Mejia, 2014). Accordingly, it has been proposed that the socioemotional goals evolve with the different stages of family business life as a consequence of alterations in family involvement with the firm (Le Breton-Miller & Miller, 2013).

Some empirical research using socioemotional wealth as a dependent variable has provided further support to the above analysis. One study concluded that the level of CEO empathy with the business (personal feature) is positively related to the prevalence of socioemotional wealth as the primary goal. It also showed that the presence of an external director (target feature) on the

family business board plays an important moderating role on this relationship (Goel et al., 2013). In the same way, Cabrera-Suarez, Deniz-Deniz, and Martin-Santana (2014) have reached the conclusion that family dynamics (context) impact on the family tendency to adopt non-financial goals.

The articles in this section and those analysed in the previous section shed light on the important role played by the family and business context in understanding socioemotional wealth formation and the impact it has on firms' behaviour. The analysis also highlights that socioemotional wealth can be a dynamic construct that evolves in response to different settings. This will be discussed in greater depth below.

## **2.5 Relevant issues on socioemotional wealth for this research**

There are some issues that need to be especially addressed in order to build a stronger theoretical understanding of the analysis, findings and conclusions of this research. First is the background information about the overlap between the family and the business and how it would be related to socioemotional wealth and firms' decision making. Second is a discussion on how the family/family business context impacts on socioemotional priorities and business behaviour. Finally, how threats to socioemotional wealth influence family business decision making is discussed.

### **2.5.1 Family and business system overlap and socioemotional wealth priorities**

Family business research has been largely more focused on the business than the family (James et al., 2012; Sharma et al., 2014). However, the family has been considered a central source of influence for these type of organisations (Zahra & Sharma, 2004). In fact, these organisations have been defined as a "metasystem", which is formed by the overlap between other subsystems, such us the family, the business, the dominant coalition and even the family

members as individuals or groups within the family firm (Gersick, 1997; Habbershon et al., 2003; Pearson, Carr, & Shaw, 2008). These subsystems interact and create wealth in an idiosyncratic way that is impossible for other non-family firms (Chua, Chrisman, & Steier, 2003). Accordingly, in a family firm context, wealth can be defined in economic and non-economic terms and the family aims are central to determining how wealth should be created (Chrisman, Chua, Pearson, & Barnett, 2012; Colli, 2011).

On the other hand, the literature has provided wide support for the critical role played by the family on firms' entrepreneurial dynamic (Anderson, Jack, & Dodd, 2005; Arregle et al., 2015). It has been proposed that the family is a critical source of social, human and patient capital, which, in turn, are important pillars for building long-term entrepreneurial success (Arregle, Hitt, Sirmon, & Very, 2007; Hoffman, Hoelscher, & Sorenson, 2006). The family has also been acknowledged as the most common supplier of the initial capital, as well as an inexhaustible supplier of emotional support (Kelley, Singer, & Herrington, 2012; Zellweger, Eddleston, & Kellermanns, 2010). Hence, attention to the family system is also necessary because of the direct role it could play in family business entrepreneurial behaviour.

Aligned with the above discussion, empirical studies have stated that family-centred non-economics goals influence firms' decision making (e.g. Chrisman et al., 2012). Similarly, the idea that socioemotional wealth influences family firms' entrepreneurial behaviour has also been empirically accepted (Kraiczy et al., 2015; Schepers et al., 2014). Thus, the role played by the family dynamic and their goals is clearly central in explaining firms' entrepreneurial behaviour. However, this has not been adequately captured and little attention has been paid to the family sphere. Previous research on socioemotional wealth has indirectly assessed how family priorities influence on decision making using variables such as family ownership, family members' participation in the board or family participation on the top management team (e.g. Achleitner, Gunther, Kaserer, & Siciliano, 2014; Patel & Chrisman, 2014); however, socioemotional wealth

has never been measured on the basis of family motivation and needs (Miller & Le Breton-Miller, 2014), which would require paying special attention to the family system as the core of family business strategic decision making.

### **2.5.2 Family/family business context and its impact on socioemotional wealth and business behaviour**

As highlighted in the previous sections, understanding the family/family business context is critical to understanding the drivers of socioemotional wealth, their priority and the impact it has on business behaviour. Previously, it has been stated that family business decision making is primarily driven by the desire to preserve family socioemotional wealth rather than maximising their economic wealth (Gomez-Mejia et al., 2011; Minichilli, Nordqvist, Corbetta, & Amore, 2014). However, predicting family business behaviour based on this idea is not as easy as appears at first glance. The socioemotional wealth perspective is based on behavioural agency theory and prospect theory (Kahneman & Tversky, 1979; Wiseman & Gomez-Mejia, 1998). Accordingly, the scenarios the family business faces and how the problems are framed are critical in understanding the relationship between these two constructs (Cennamo et al., 2012; Gomez-Mejia, Campbell, et al., 2014). In fact, the priority family owners place on each of the socioemotional dimensions changes if the business and/or family context evolve (Le Breton-Miller & Miller, 2013; Miller, Le Breton-Miller, Minichilli, Corbetta, & Pittino, 2014). Thus, these priorities may vary among firms, at different point in time and even among family members from the same firm (Miller & Le Breton-Miller, 2014; Sciascia, Mazzola, & Kellermanns, 2014). Accordingly, the strategies a family business follows to face a specific challenge would depend on the specific contextual conditions at the decision-making moment.

The literature emphasises two groups of contextual issues that should be considered for understanding family business decision making. On the one hand, there are those related to the

business itself, such as a firm's characteristics (e.g. generational stage, firm size or financial position), the presence of non-family members influencing the decision making (in the top management team or on the board) and/or the characteristics of the industry/market where the firm competes (e.g. industrial district vs stock market) (Colombo, De Massis, Piva, Rossi-Lamastra, & Wright, 2014; Miralles-Marcelo, Miralles-Quiros, & Lisboa, 2014; Vandekerckhof et al., 2015). On the other hand, there are those related to the social and emotional family context surrounding the organisation at the decision-making moment. For example, the family attachment and identification with the business, the family climate, the relevance of the business for the family welfare and/or the next generation's willingness to take over the business (Cabrera-Suarez et al., 2014; Sciascia, Nordqvist, Mazzola, & Massis, 2015; Zellweger et al., 2013).

There is one contextual factor that seems particularly critical to understanding the impact of socioemotional priorities on family business behaviour. It is the family's ability to impose their socioemotional agenda (Deephouse & Jaskiewicz, 2013; Leitterstorf & Rau, 2014). In a small family business controlled by a single family, it is not an important issue. However, if the research is focused on a large company with several non-family owners, it is important. It is expected that large non-family stakeholders will break the family's ability to make decisions based on socioemotional interests rather than economic criteria. Hence, how the ownership and power are distributed within the family business is a critical aspect that should be considered (Jara-Bertin, López-Iturriaga, & López-de-Foronda, 2008).

In summary, the literature provides reasons to believe that family and family business context are critical to understanding the socioemotional priorities behind family business decision making. It is expected that their impact on family firms' decisions making will be idiosyncratic and aligned to the specific conditions faced by the family and the business at the decision making-moment.

### **2.5.3 Threat to socioemotional wealth**

Threat to socioemotional wealth is one of the most distinguishing features of the research perspective guiding this investigation. It is critical for understanding the family businesses, because facing this scenario can result in a breaking point in their behaviour (DeTienne & Chirico, 2013; Gomez-Mejia et al., 2010). Thus, the current literature on socioemotional wealth has empirically tested that these organisations will be risk-averse when family firms' socioemotional wealth is not threatened, but they will be risk-willing if socioemotional wealth is under threat (Gómez-Mejía et al., 2007). In this way, Hauswald and Hack (2013) have proposed that family control positively impacts on the stakeholders' perception of benevolence, but it can be negative if socioemotional wealth is at risk. Similarly, Patel and Chrisman (2014) concluded that family firms avoid making risky research and development investment when the firm's performance is over expectation, but they do exactly the opposite when performance is below what they expect. Thus, several studies have shed light on how threat to socioemotional wealth impact on firms' behaviour.

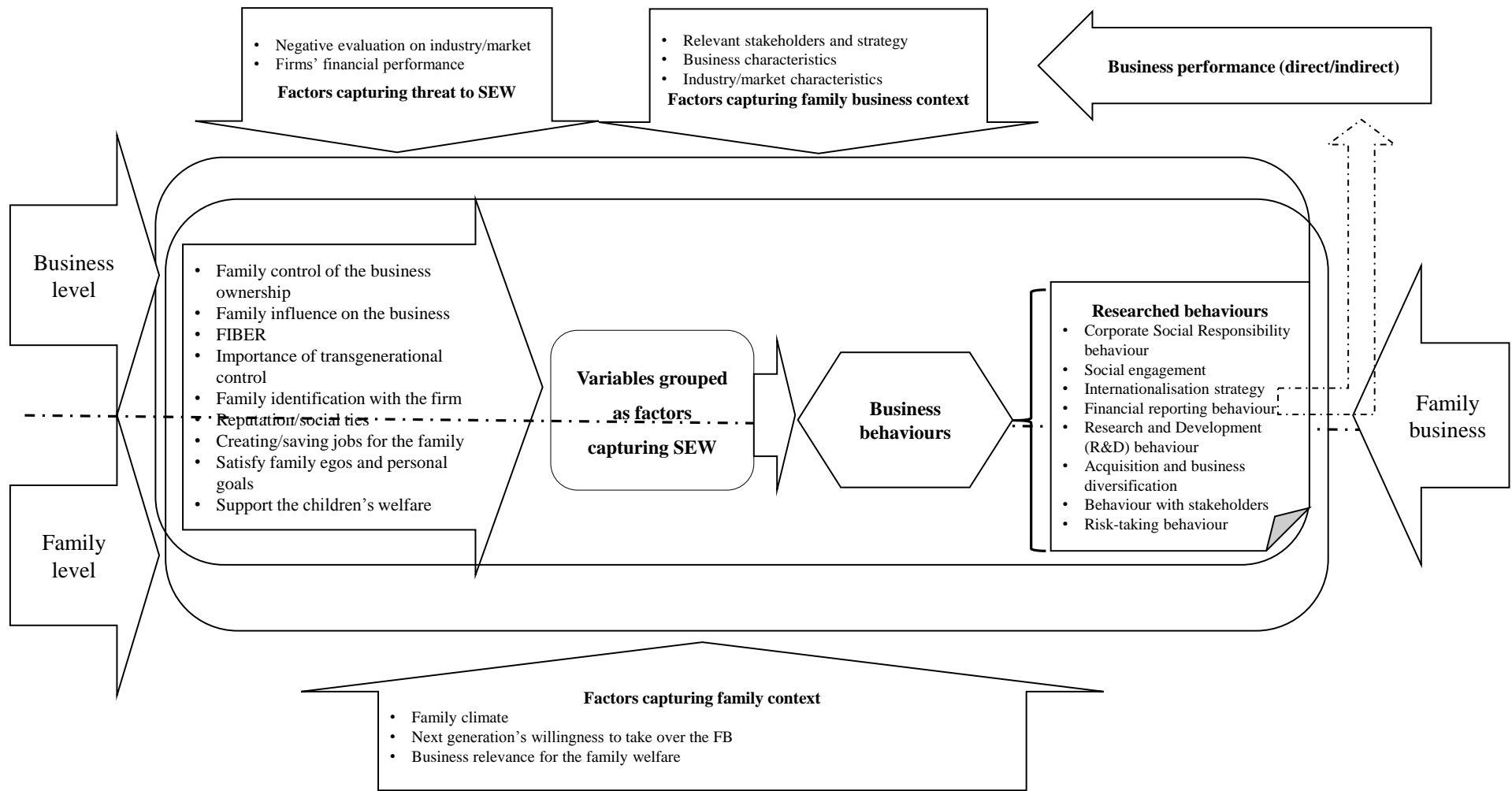
Threat to socioemotional wealth has been incorporated into the research on family firms through several variables. They are related to the firm's financial performance and the evaluation of the market/industry conditions (see Appendix 2.3). Among those in the first group, the performance aspirational gap has been used to assess the impact that threat to socioemotional wealth had on family firms' research and development investment decisions (Chrisman & Patel, 2012). Similarly, other investigations have used indicators such as firms' performance hazard, declining performance (in terms of ROA) or minimal financial returns to determine how threat to socioemotional wealth impacts on firms' behaviour (Cruz et al., 2014; Glover & Reay, 2015; Gomez-Mejia, Campbell, et al., 2014). On the other hand, research about family firms' internationalisation strategies have focused on capturing the new market (country) condition

rather than firms' financial position to assess potential threat to socioemotional wealth. These studies measured the new market environmental uncertainty and the country governance quality (indexes) to incorporate this effect in their models (Chang et al., 2014; Kao et al., 2013).

Overall, threat to socioemotional wealth is a critical part of the theoretical perspective behind this research. It has always been indirectly explored, mainly with regard to scenarios in which family control and management influence could be jeopardised. It indicates that this scenario is exceptionally important for explaining firms' behaviour. Accordingly it should be analysed with special interest. Socioemotional wealth can be expressed in several dimensions, such as business control, social ties, reputation, family identification to the firm and/or dynastic succession (Berrone et al., 2012; Gomez-Mejia, Cruz, & Imperatore, 2014). Therefore, it is expected that threats to any of these dimensions could impact on family firms' decision making and behaviour. Thus, attention should be paid not only to potential threats to family control of the business, but also to other socioemotional priorities behind the decision making in each case.

## **2.6 Theoretical discussion inspiring the research questions**

All the theoretical framework discussed above is summarised in Figure 2.1. It gives an idea about all the family firm behaviours researched under the lens of this theoretical perspective. It also sheds light on several variables used to capture socioemotional wealth, as well as family/family business context, threat to socioemotional wealth and the relationships between all these constructs. Based on the systematic analysis of all this information, several research opportunities have been observed. These research opportunities have inspired the research questions that will be discussed below.



**Figure 2.1: Theoretical framework of socioemotional wealth**



### **2.6.1 Socioemotional wealth and entrepreneurial behaviour**

Several empirical and conceptual studies have shown that family owner-managers make decisions primarily focused on preserving socioemotional wealth. Figure 2.1 shows that this theoretical perspective has been used as the cornerstone to better understand family business behaviours such as Corporate Social Responsibility, their behaviour when making strategic investments and the strategies they follow to go into a new international market, among others (Berrone et al., 2010; Chang et al., 2014; Jain & Shao, 2014). All this research has made a significant contribution to better understanding this type of organisation. However, few empirical insights have been found using this theoretical perspective to explain how socioemotional wealth influences family business entrepreneurial behaviour. From the 60 articles listed in Appendix 2.1, only one takes on this point more directly and sheds some light on this gap (Scheepers et al., 2014). However, this research did not have the same focus. It looked to understand the moderating role socioemotional wealth has on the positive relationship between entrepreneurial orientation and business performance. Furthermore, this quantitative research acknowledged limitations in terms of the scales they used and the need to incorporate variables capturing the family context, such as the family orientation (Lumpkin & Brigham, 2011; Lumpkin, Martin, & Vaughn, 2008). Hence, the impact socioemotional wealth has on family business entrepreneurial behaviour is something that needs to be addressed.

Entrepreneurial behaviour is considered to be a critical aspect of business performance, growth and success (Kellermanns et al., 2008; Lumpkin & Dess, 1996). In addition, because markets are becoming more competitive as a consequence of a global economy, entrepreneurial behaviour is a key factor to developing and maintaining a competitive advantage in any type of firm (Covin et al., 2000). Entrepreneurial behaviour has been expressed in several ways; however, Kellermanns et al. (2008) offer reliable propositions to be implemented in the family business context. They describe the construct as:

The ability of the firm to pioneer the development of breakthrough innovation in the industry, introduced many new products or services, emphasized making major innovations in its products and services and emphasized taking bold, wide ranging action in positioning itself and its product or services. (p.11)

There are many reasons to believe that the connection between socioemotional wealth and entrepreneurial behaviour is salient. On the one hand, entrepreneurs are involved in social networks and their business and entrepreneurial decisions are influenced by their social relationships (Arregle et al., 2015). On the other hand, family is considered the most important, influential and closest social institution for any entrepreneur (Ruef, 2010). Consequently, it is acknowledged that family plays a critical role in entrepreneurial behaviour and venturing decisions (Aldrich & Cliff, 2003; Lumpkin, Steier, & Wright, 2011). Similarly, research on entrepreneurship has mentioned that affect, emotions and family relationships can influence entrepreneurial processes, business creation and entrepreneurial teams (e.g. Baron, 2008; Brannon, Wiklund, & Haynie, 2013; Stanley, 2010), and investigation based on psychology theory has long reported that affect plays a key role on social judgment. It is even greater when decision makers face processes that involve huge changes, such as entrepreneurship (Forgas, 1995). In summary, it is acknowledged that the family and the emotions can sometimes be more important than economic factors in explaining entrepreneurial behaviour. The discussion above contrasts with the fact that the most important theories on entrepreneurship<sup>4</sup> have been primarily focused on economic wealth creation as the entrepreneurs' main goal (Endres & Woods, 2006; Grebel, Pyka, & Hanusch, 2003).

According to what has been discussed above, socioemotional wealth can be considered a powerful theoretical perspective to better understand family firms' entrepreneurial behaviour. It allows integration of both family and business motivations behind the decision making in these organisations (Gomez-Mejia et al., 2011). It is critical to investigate this phenomenon, because motivations are considered to be an important factor in promoting entrepreneurial behaviour and

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<sup>4</sup> Neoclassical theory, Austrian theory, Innovation theory and Behavioral theory.

venturing success (Collins, Hanges, & Locke, 2004; Kuratko, Montagno, & Hornsby, 1990). It is more important when the entrepreneurial activity is developed from the top to the bottom of the organisation, as is expected in the cases included in this research (Kuratko, Ireland, Covin, & Hornsby, 2005). Similarly, the socioemotional wealth perspective could make some contributions to the debate about risk taking as one of the most important dimensions in explaining entrepreneurial behaviour (Lumpkin & Dess, 1996). This is because, contrary to the general belief, there is little empirical evidence showing that entrepreneurs take more risks than managers (Naldi, Nordqvist, Sjöberg, & Wiklund, 2007).

In summary, understanding the relationship between socioemotional wealth and entrepreneurial behaviour in family businesses is considered an important research opportunity. Emotions have been well established as being critical to social judgment, and socioemotional priorities are acknowledged as being central to family firms' decision making (Forgas, 1995; Gomez-Mejia, Campbell, et al., 2014; Zellweger & Dehlen, 2012); however, they have not been considered very much within the entrepreneurship literature. Furthermore, entrepreneurship research and family business research have usually been conducted in parallel (Nordqvist & Melin, 2010). Finally, family businesses represent a unique scenario in terms of organisational contexts because the family influences all levels of decision making (Chrisman et al., 2012; Chrisman et al., 1999). Hence, socioemotional wealth must be important in explaining family business entrepreneurial behaviour. These concepts and their relationships lead to the following research question:

***Q1: How does socioemotional wealth influence family business entrepreneurial behaviour?***

## **2.6.2 The dimension forming the socioemotional wealth construct**

In order to respond to the research question above, it is also necessary to determine what the drivers of socioemotional wealth are behind the decisions promoting stronger or weaker entrepreneurial behaviour in family businesses. The discussion developed through the previous sections of this chapter has shown that several variables have been used to capture socioemotional wealth. Appendix 2.3 shows that the most widely used way to capture socioemotional wealth has been assessing family control and influence on the business (e.g. Gómez-Mejía et al., 2007; Strike et al., 2015). However, the most compelling and accepted construct is formed by five dimensions, which are labelled as FIBER. These dimensions include “family control and influence, identification of the family members, binding social ties, emotional attachment of the family members and renewal of the family bond through dynastic succession” (Berrone et al., 2012, p. 266).

This construct, and most of the dimensions that form it, have been accepted and implemented in empirical and conceptual research (e.g. Cabrera-Suarez et al., 2014; Cennamo et al., 2012). It has been acknowledged that they provide a good way to capture the various family-centred non-economic goals normally present in this type of organisation, as well as the heterogeneity among these firms (Chua et al., 2015; Kotlar & De Massis, 2013; Marques et al., 2014). However, recently, opinions have arisen that mention some weaknesses of the FIBER proposition and also about the way socioemotional wealth has been captured. It has been mentioned that most of the time, socioemotional wealth has been measured indirectly (Miller & Le Breton-Miller, 2014). Similarly, scholars have also highlighted that its assessment has been primarily focused on stock, thus missing considerations about how it can be driven through flows (Chua et al., 2015). It has been mentioned that different socioemotional wealth dimensions can sometimes be in conflict, leading to the belief that more attention should be focused on the dimensions independently, rather than the construct as a whole (Cruz et al., 2014; Vardaman &

Gondo, 2014). Furthermore, the central role played by the family dynamic in explaining these firms' behaviour is acknowledged (Habbershon, 2006; Zahra & Sharma, 2004); however, the systematic literature review indicates that little attention has been paid to the family sphere when socioemotional wealth is assessed. Finally, and aligned with all the aforementioned weaknesses, Schulze and Kellermanns (2015, p. 1) have recognised "ambiguity concerning the nature and dimensions of the socioemotional wealth construct".

In summary, significant progress has been made to better understand the theoretical and practical considerations implicit in socioemotional wealth. However, the full construct has yet to be refined. It should consider direct assessment of the family motivation behind the firms' decision making. Similarly, the analysis should consider each dimension separately and as a whole in order to realise the potential conflict between different socioemotional priorities. Finally, considering that family businesses have considerable overlap between the family and the business system, attention should be given to both levels to fully capture the motivation driving the decision making. Thus, the discussion above leads the present study to ask the following question:

***Q2: How does the socioemotional wealth construct form in the cases under research?***

Socioemotional wealth is a multidimensional construct. Accordingly, its impact on family firms' behaviours has been assessed through several variables, such as family priority for preserving control of the firm's ownership and management, or the priority for dynastic succession (Dou et al., 2014; Patel & Chrisman, 2014). It shows the important focus the construct has put on what happens at the firm level, but also socioemotional wealth has been linked to the family level. In these cases, the priority on preserving family harmony, providing interesting career opportunities for the children and/or providing job places for the family have been mentioned as important family goals (Chrisman et al., 2012; Goel et al., 2013;

Vandekerckhof et al., 2015). As can be observed, there are several ways to express socioemotional wealth, and these priorities are usually different between firms and even among family members who are part of the same firm (Miller & Le Breton-Miller, 2014). Similarly, it is highly likely that socioemotional wealth priorities could also evolve over the family firms' life cycle (Le Breton-Miller & Miller, 2013).

In summary, the drivers of socioemotional wealth can take several forms. They are highly idiosyncratic to each family firm and normally evolve over time. Hence, the following two questions need to be addressed:

*Q3: Why can the socioemotional wealth construct be different in different cases and at different points in time?*

*Q4: How can it impact on firms' entrepreneurial behaviour?*

### **2.6.3 Family/family business context and socioemotional wealth priorities behind the decision making**

As discussed above, the context in which decisions are made is critical in explaining family business behaviour. Three research opportunities have been observed for this issue. These opportunities are related to the role played by family climate, threat to socioemotional wealth and different cultural settings in determining which are the socioemotional priorities that explain the entrepreneurial behaviour of family businesses.

#### **(i) Family climate and socioemotional wealth priorities**

Family climate has been used as an independent variable to test how it influences family identification with the firm and the priority the organisation places on non-financial goals (Cabrera-Suarez et al., 2014). It suggests that family climate is an external factor (context) that shapes the socioemotional wealth construct and impacts on the decision making. This idea is

reinforced by the endowment theory and affect infusion theory (Forgas, 1995; Knetsch & Sinden, 1984). Together they suggest that the assessment of firms' emotional value is a personal and subjective process that could be biased by situational features, such as the family climate (Zellweger & Dehlen, 2012). Similarly, empirical research has tested that good relationships between the family business predecessor and successor are positively correlated to the emotional value given to the family firm by the new generation (Björnberg & Nicholson, 2012).

The above discussion provides conceptual and empirical support for the idea that family climate is a critical contextual factor to understand socioemotional wealth formation. However, family harmony has been largely acknowledged as an important goal in these type of firms (Chrisman, Chua, & Zahra, 2003; Sharma, Chrisman, & Chua, 1997). Similarly, organisational harmony is considered to be a critical value in this organisational context (Ruiz Jiménez, Vallejo Martos, & Martínez Jiménez, 2015). Furthermore, poor family functioning (family climate) may result in bankruptcy for the family firm (Björnberg & Nicholson, 2007), which, in turn, leads to the total loss of socioemotional wealth, which is what family businesses look to avoid (Gomez-Mejia et al., 2011). This information indicates that climate could be an important family and organisational goal.

In summary, there is controversy about how family climate is related to socioemotional wealth. Only one article on socioemotional wealth has used this construct as a moderator and highlighted its importance as part of the context shaping the socioemotional wealth assessment. However, there are many studies emphasising it as one of the most important family goals in this organisational context. Thus, the above discussion leads the following research question:

***Q5: How is family climate related to socioemotional wealth?***

To respond to the question above, it is necessary to determine the dimensions forming the family climate construct. Climate can be expressed in differing ways. Thus, for example, the

dimension to express climate for service is different to that which seeks to define climate for innovation (Jabri, 1997). The focus of this research should be on those factors that allow identification of the family climate and how they relate to socioemotional wealth. A good approach for observing this phenomenon could be the family climate construct proposed by Björnberg and Nicholson (2007). The dimensions within this construct are “open communication among family members, intergenerational authority, intergenerational attention, cognitive cohesion, emotional cohesion and the family adaptability to new situations” (pp. 241-242).

Most of these dimensions have been used by Cabrera-Suarez et al. (2014) to assess family climate. However, the focus of Question 5 in this research is a little different. The Björnberg and Nicholson (2007) construct was useful in assessing family climate as context, but it is not clear yet whether this dimension could capture the family firms’ socioemotional priorities. This leads to the next research question:

***Q6: How is the family climate expressed in the cases in this research?***

## **(ii) Threat to socioemotional wealth**

As was stated above, threat to socioemotional wealth is one of the most distinguishing features of the theoretical perspective behind this research. There is empirical evidence supporting the view that a scenario where socioemotional wealth is threatened results in a breaking point in family business behaviour (Chen, Hou, Li, Wilson, & Wu, 2014; Stockmans et al., 2010). Threats to socioemotional wealth have usually been indirectly explored, mainly with regard to scenarios in which family control, management influence and family reputation could be jeopardised (Berrone et al., 2010; Gomez-Mejia et al., 2010). However, socioemotional wealth can be expressed in several dimensions, such as business control, social ties, reputation, family identification to the firm and/or dynastic succession (Berrone et al., 2012; Gomez-Mejia, Cruz, et al., 2014). Therefore, it is expected that threats to any of these dimensions could impact



on family firms' decision making and behaviour. Hence, attention should be focused not only on potential threats to family control of the business, but also on the other socioemotional priorities behind the decision making in each case. The above discussion led to the following question:

***Q7: How do threats to any of the socioemotional wealth priorities impact on family business entrepreneurial behaviour?***

All the dimensions of socioemotional wealth could face some level of threat at different points in time. In fact, it is acknowledged that they can be in conflict, depending on the scenario the firm is facing (Cruz et al., 2014; Vardaman & Gondo, 2014). Hence, the discussion is not only about how family businesses manage threats to different socioemotional wealth priorities, but also about how they behave under specific scenarios that make them choose among these priorities. Therefore, the scenario where the family is risking the total loss of the non-economic wealth they get from the business seems to be particularly important (Gómez-Mejía et al., 2007). It is a particular setting where decisions are made and the priority to preserve the social and emotional heritage the firm represents is tested.

It is expected that family businesses will do everything in their power to avoid the loss of socioemotional wealth (Glover & Reay, 2015). It is based on the assumption that family business decision makers have positive emotions toward the firm. However, a couple of researchers have warned that these emotions can also be negative (Kellermanns, Eddleston, & Zellweger, 2012; Schulze & Kellermanns, 2015). When this happens, a negative valence of socioemotional wealth occurs, changing what would normally be expected in terms of behaviour.

In summary, threats to socioemotional wealth can be expressed in several ways. However, understanding this phenomenon when the family can completely lose the wealth they get from the firms seems especially interesting. Accordingly, understanding firms' entrepreneurial

behaviour when facing an imminent closure because of poor financial performance should be interesting. Thus, the above discussion led the following research question:

***Q8: How does the threat to family business continuity (closure due to poor financial performance) impact on family business entrepreneurial behaviour?***

### **(iii) Different cultural settings, socioemotional wealth and firms' behaviour**

Family businesses throughout the world are embedded within different national cultural contexts (Jackson, 2013; Peng, Wang, & Jiang, 2008). Accordingly, it is important to understand how the cultural setting would impact on socioemotional wealth priorities and entrepreneurial behaviour. As mentioned in Section 2.4.1, many empirical investigations have proven the reliability of the socioemotional wealth perspective in different national/cultural settings. However, how cultural issues could impact on family firms' entrepreneurial behaviour based on this research perspective is not yet clear. Most of the empirical articles summarised in Appendix 2.1 have not directly included the cultural dimension. Similarly, most of them have relied on quantitative methods to support their findings. However, culture can influence entrepreneurial activity in many different ways (Fagerberg, 2003; Sabah, Carsrud, & Kocak, 2014); it is considered a complex phenomenon that demands more observation, qualitative analysis and experiential understanding (Boyd, 2010; Jabri, 2005).

The literature is controversial on this point, as it is not clear whether cultural differences could drive specific socioemotional priorities that could impact on entrepreneurial behaviour. Endowment theory suggests that attachment to personal possessions and the source of that attachment vary between cultures (Zellweger & Astrachan, 2008). However, globalisation has become a predominant force that has led to the development of a global culture (Arnett, 2002; Boli, 2005). Thus, cultural homogenisation makes the differences between national sub-cultures less important in explaining people's priorities and organisational behaviour (Bird & Stevens,

2003). As such, sub-cultural heterogeneity would be less important in discussions of socioemotional wealth formation and its impact on family business entrepreneurial behaviour.

On the other hand, research on private trade family business performance has not found significant statistical differences among national cultures (Carr & Bateman, 2010). Non-differences in performance would be led by non-important differences in goals and behaviour. This would indicate that cross-cultural considerations may be less relevant to socioemotional wealth formation and family business behaviour. However, it is acknowledged that people from one culture who build a communal socio-cultural reality tend to present similar patterns of thinking and behaviours (Bercovitch & Foulkes, 2012; Hofstede, 1983). Similarly, it has also been proposed that national considerations such as social environments, economics and cultural context shape family firm behaviour (Colli, Pérez, & Rose, 2003).

Overall, there is empirical and theoretical support to believe that the cultural dimension could influence the socioemotional priorities behind family firm decision making. In fact, if family businesses are considered as open systems, they can be analysed under the lens of family system theory and general system theory (Boulding, 1956; Bray, Williamson, & Malone, 1984). In this context, it is possible to argue that families are open systems that are tied, interconnected and influenced by the nations in which they are located. Similarly, it is also possible to say that culture has an “influence on cognitive process and by extension on behaviour” (Bercovitch & Foulkes, 2012, p. 29). However, it is not yet clear, because research on socioemotional wealth has been largely based on quantitative methods and culture has not been directly assessed. Furthermore, culture is a complex phenomenon that demands more experiential understanding, while at the same time avoiding biased perceptions that come from predefined cultural dimensions (Hofstede & Hofstede, 2005; Jabri, 2005). Finally, the impact of globalisation and cultural homogenisation causes additional doubts, as the influence of culture on management in a

global context is not clear (Boli, 2005; Chevrier, 2009). This discussion led to the following research question:

***Q9: How do cultural differences relate to socioemotional wealth priorities and firms' entrepreneurial behaviour?***

## **2.7 Chapter summary**

This chapter summarised the theoretical framework supporting this investigation. It connected the most important foundational theories of family firms' theory to the socioemotional wealth perspective. Then, the chapter provided a view about socioemotional wealth and how it has been used to explain several family business behaviours. It also put particular attention on relevant aspects of this theoretical perspective, and the discussion supporting the research questions was also reported.

Family firms are heterogeneous. They normally vary in terms of power, experience, culture, goals and interests (Astrachan et al., 2002; Holt, Rutherford, & Kuratko, 2010; Klein et al., 2005). This research looks to incorporate such heterogeneity and this theoretical framework can respond to the challenge. The multidimensionality of the core constructs and the flexibility of the socioemotional wealth perspective in incorporating different settings, goals and motivations are the cornerstone to success in responding to the research questions. Each of the research questions this investigation aims to respond to are presented below.

Q1: How does socioemotional wealth influence family business entrepreneurial behaviour?

Q2: How does the socioemotional wealth construct form in the cases under research?

Q3: Why can the socioemotional wealth construct be different in different cases and at different points in time?

Q4: How can it impact on firms' entrepreneurial behaviour?

Q5: How is family climate related to socioemotional wealth?

Q6: How is family climate expressed in the cases in this research?

Q7: How do threats to any of the socioemotional wealth priorities impact on family business entrepreneurial behaviour?

Q8: How does the threat to family business continuity (closure due to poor financial performance) impact on family business entrepreneurial behaviour?

Q9: How do cultural differences relate to socioemotional wealth priorities and firms' entrepreneurial behaviour?

## **Chapter 3 Research Methods**

### **3.1 Introduction**

The previous section discussed the key theoretical issues underpinning this research. This chapter explains the methodological process and philosophical foundations under which this research has been conducted. It describes the research process from the planning and design phase to the analysis and conclusions stage. Section 3.2 describes the rationale for the selection of the ontological and epistemological position this research follows. Section 3.3 states why research based on multiple cases is the best for this particular study, and Section 3.4 explains why contextualised explanation has been used as the type of case study design in this investigation. Section 3.5 discusses the criteria for judging the quality of the research within the critical realism orientation. Section 3.6 describes the data collection process and how it was implemented in this study. Finally, Section 3.7 focuses on how the research evidence is analysed, and Section 3.8 discusses how the results and findings are reported.

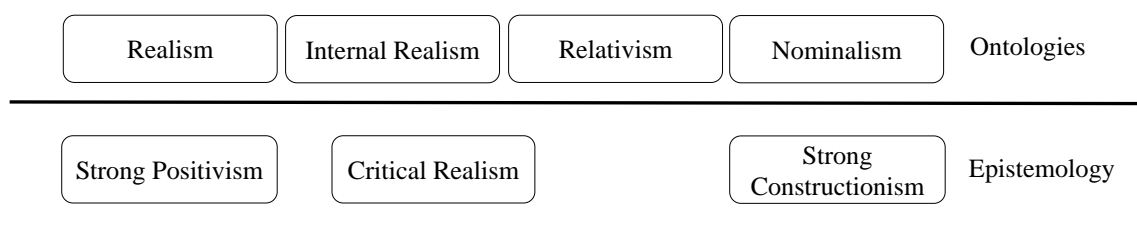
### **3.2 Selecting the ontological and epistemological position of this research**

Selecting the ontological and epistemological position of the study was critical for answering the research questions. It was the cornerstone on which the research outcomes were based. This decision determined how the study was designed, what type of data needed to be collected, how outcomes were analysed and how findings could be interpreted (Easterby-Smith et al., 2012). Accordingly, the philosophical orientation this study followed was very important to how it was implemented.

Management research books normally describe two opposing philosophical paradigms. On one end is positivism, which assumes “the world is external and objective” (Easterby-Smith, Thorpe, & Lowe, 1991, p. 27). On the other end is social constructionism, which states that the

world is “socially constructed and given meaning by people” (Easterby-Smith, Thorpe, & Jackson, 2008, p. 58). This research aimed to be positioned at a middle point between these two views. It looked to develop a causal explanation that is normally based on a positivistic view of the world, but it also looked to incorporate context to make events meaningful, as proposed by the social constructionism view. In order to do this, critical realism was chosen as the philosophical orientation under which the study would be conducted (Bhaskar, 1975).

This philosophical view is not based in a specific ontology, but rather it uses ideas from both empirical realism and social constructionism (Fleetwood, 2005). Critical realism accepts that reality exists “independent of our perception of it”, but at the same time states that it is a “concept dependent social phenomena” (Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mantymaki, 2011, p. 748). This epistemological view has the ability to get the best of the positivistic and constructionism views by adopting an eclectic position between them. On the one hand, it allows an emphasis on predicting causality, as proposed by positivism, but on the other hand, critical realism also emphasises understanding the meaning of social actions in their own context, which is related to the interpretive philosophical perspective (Easton, 2010; Miller & Tsang, 2011). This concept represents an important advance in the assumptions that drive social science research (Reed, 2005). Figure 3.1 illustrate the relationship between the epistemologies and the ontologies.



**Figure 3.1: Mapping epistemologies against ontologies**

Adapted from Easterby-Smith et al. (2012, p. 33)

Critical realism follows an eclectic philosophical position based on what is defined as a “structured ontology”. It proposes that reality is built along three levels, defined as the “empirical, actual and real” domains of reality (Miller & Tsang, 2011). In the real domain, causal relationships among events are accepted as an independent reality. Accordingly, it is related to realist ontology. The actual domain interprets the internal realism ontology and, therefore, reality at this level occurs independently of the observer. Finally, the empirical domain is related to the relativistic ontological position, where critical realism also accepts that people’s experience and perception are part of the reality (Archer, Bhaskar, Collier, Lawson, & Norrie, 2013; Bhaskar, 1975).

Previous research on small business, entrepreneurship and management has been successfully conducted on the basis of critical realism (e.g. Kitching, Hart, & Wilson, 2015; Leca & Naccache, 2006). These studies had acknowledged that reality is stratified and causality is driven by the particular social context and how it influences the human agent behaviour (Archer, 1995). Accordingly, this work assumed that causal generalisations are not defined as laws, but instead, can be understood and interpreted relative to the conditions under which they occur. Explanations are contextualised and generalisations are limited and contingent (Fleetwood & Ackroyd, 2004). Therefore, it is not expected that the resulting cause-effect relationship identified in this research would occur at a population level. Neither is it expected that it would occur in others cases with a different context (Sayer, 2000). For this reason, the data from this study are not only analysed on the basis of the particular context, but also considering the theoretical background (a similar approach can be seen in Denis et al., 2001).

In summary, implementing critical realism has led to the innovation of incorporating context and generating causal explanations in this case-based research. It required that family businesses be observed in their own social and emotional context as a critical driver for the success of the research. With this epistemological idea, this study allowed the researcher to



understand not only the core constructs under study, but also the relationships among them (Johnston, Leach, & Liu, 1999). On the basis of the argument mentioned above, the researcher is confident of the strong philosophical foundations of this work. Similarly, it was considered that it was the best way to maximise the theorising potential of this research and provide an appropriate response to the research questions.

### **3.3 Selecting the research methodology**

This study has been defined as an explanatory multiple case research because it focuses on responses to how and why questions, and because it is based on multiple cases (De Massis & Kotlar, 2014; Yin, 2014). This methodology was considered to be the best fit to respond to the research questions discussed in the previous chapter for several reasons. On the one hand, it was considered to be a trusted methodology, because it has been widely used in management and family business studies (e.g. Kotlar & De Massis, 2013; Masiello, Izzo, & Canoro, 2015). In fact, it has been the most intensively used qualitative methodology in the study of family businesses (De Massis & Kotlar, 2014). On the other hand, it also allowed innovation on how it was implemented. As mentioned above, this research is based on critical realism, which allowed it to incorporate context into the explanation (Welch et al., 2011). The following section discusses some of the most important reasons supporting the selection of this research methodology.

#### **3.3.1 The best fit to answer how and why research questions**

The general research objective of this work was to understand the underlying meaning of socioemotional wealth and its impact on family business entrepreneurial behaviour. The theoretical discussion developed in the previous chapter emphasised that family businesses make decisions to preserve socioemotional wealth rather than maximise economic value (Gómez-Mejía et al., 2007; Minichilli et al., 2014). The theoretical discussion also explained that family

businesses behave in completely different ways, depending on the scenario the firms are facing and the way problems are framed at the decision-making moment (Gomez-Mejia et al., 2011). Therefore, the research questions of this study focus on explaining how family and business events influence socioemotional wealth, and why family businesses need to behave heterogeneously to preserve socioemotional wealth. In this way, a case-based research seemed to be the best strategy to follow because of the type of research questions this study aimed to answer. This methodology is widely recommended when how and why questions need to be answered (De Massis & Kotlar, 2014; Yin, 2014). Hence, it was considered an appropriate strategy to be used in this study.

### **3.3.2 Allows incorporation of the context in which the events take place**

In order to answer the research questions and help the researcher to make the events meaningful, the ontological and epistemological orientation selected to implement this research required incorporation of the context as part of the reality under analysis (Piekkari, Welch, & Paavilainen, 2008). Similarly, context was also helpful for understanding the family members' narrative and the events observed (Easterby-Smith et al., 1991). In fact, the model built as one of the main research contributions was developed based on the family and business scenarios that supported the events. Thus, this research identified not only the causal connections among the key constructs, but also the critical contextual issues under which they happen. In summary, incorporating context increased the richness of the qualitative evidence collected, thus improving the analysis and result (Eisenhardt & Graebner, 2007).

### **3.3.3 Allows development of causal explanations**

Determining a causal explanation was central to this study. On the one hand, the philosophical orientation supporting this study stated that meaning was given by context

(Easterby-Smith et al., 1991). Therefore, stating the cause-effect linkages between the events occurring in the family businesses and the reasons behind the decision making was critical. It gave information about what the family business members perceive as non-economic wealth. Accordingly, it revealed the underlying meaning of socioemotional wealth in each case over time. On the other hand, this study aimed to determine why family businesses need to behave heterogeneously to preserve socioemotional wealth. To answer this question it was necessary to understand the causal mechanism that explains the relationship between socioemotional wealth, family/family business context and family business behaviour. Case-based research is considered to be an appropriate methodology for developing causal explanations (Yin, 2003). Accordingly, it was considered to be an excellent methodology to be implemented in this study.

### **3.3.4 Recommended for studying contemporary events but successfully implemented to research historical affairs**

A cornerstone of this research was to understand why family businesses change their behaviour when socioemotional wealth is under threat. This feature was very difficult to ascertain at a particular point in time because threats to socioemotional wealth are an evolving process (Gómez-Mejía et al., 2007). Thus, this research needed to be able to focus on both historical and current events. It was critical to understand how the change in the family business context impacts on the socioemotional priorities and family business entrepreneurial behaviour. The research looked to identify the important changes in the family/family business context as well as the changes in the family priorities and their entrepreneurial behaviour. It allowed identification of patterns not only between the cases, but also along the timelines in each case. Thus, although data collection was implemented in a short period of time, the collection and analysis of the information needed to focus on both historical and present issues. Thus, although case-based research is recommended for contemporary studies (Yin, 2003), in this investigation

it was successfully implemented to incorporate historical information (similar to Chirico & Nordqvist, 2010; Michael-Tsabari, Labaki, & Zachary, 2014).

### **3.4 The type of case study to conduct the research**

Several scholars acknowledge the important role of case-based research in management and small businesses studies (e.g. Eisenhardt, 1989; Perren & Ram, 2004; Yin, 2014). They also highlight the strong potential this strategy has for generating theory incorporating the social dynamics behind management decisions. There has been criticism, however, that most of the case-based investigations already published on management have lacked contextualised understanding (Piekkari et al., 2008). This is attributed to the huge influence of the positivist philosophical view on these type of studies. The concern for developing robust case research has led to a focus on objective fact, and because of this, the important role played by context in understanding the nature and consequence of organisational behaviour has been underestimated (Welch et al., 2011). Accordingly, the current study aimed to develop a theory beyond the positivistic view, but, at the same time, keep the ability positivistic research has for creating causal linkages (Easterby-Smith et al., 2008). To achieve this aim, the study has been defined as a “contextualized/explanatory multiple case research” (Welch et al., 2011). This methodological view is consistent with the ontological and philosophical positions previously defined, and, more importantly, it is believed that the contextualised explanation is the best option for maximising the theoretical potential of this research.

#### **3.4.1 Defining contextualised explanation methodology as the theorising process for this research**

The methodological debate about how to perform high impact research in management is driven by the trade-off between the positivistic and the constructivist philosophical traditions

(Easterby-Smith et al., 2012). Critical realism offers an escape from this trade-off by allowing the incorporation of the best from these two opposite views (Fleetwood & Ackroyd, 2004). Thus, contextualised explanation was seen as an excellent way to reconcile the case-based research potential to build theory from inspiration and illustration simultaneously (Siggelkow, 2007). Following the definition given by Denis et al. (2001, p. 812), the contextualised explanation of this study was defined as “partly deductive (theory inspired) and partly inductive (data inspired)”, and means that this research does not reject the theory successfully implemented before. Instead, it was considered critical to make events meaningful. It was also critical to implement the interpretive assumptions accepted by critical realism (to get further insight on interpretivism see Morgan & Smircich, 1980). At the same time, this work started to build theory inductively from the data collected through observation, interviews, public records and private record about the cases under study (to get further insight about inductive theory building see Eisenhardt, 1989). Relying on a dynamic and flexible research process, both approaches (inductive and deductive) were combined, iterating between one and the other according to what the research demanded.

Bhaskar’s philosophy provides the fundamentals for fitting together explanation and understanding (Bhaskar, 1975). Accordingly, the contextualised explanation of this research was defined as subjective and causal. To develop a causal explanation, the particular events occurring in each case were grouped as part of similar themes. Then, meaning was given to each theme and causal relationships were defined. This grouping was undertaken based on the patterns the researcher found during the analysis of the information. These patterns were inductively identified, or raised based on previous theory (Welch et al., 2011). Critical to this process was an understanding of the social and emotional contexts surrounding the family business decision making (Abbott, 1998).

Thus, one of the most important outcomes of this research was a cause-effect model that explains how family and business events influence socioemotional wealth, and why family businesses need to behave heterogeneously to preserve this wealth. However, because of the nature of this research, the results and causalities are particular to the cases presented here. Thus, a similar explanation would only be expected in others cases if similar contexts are experienced.

### **3.5 Criteria for judging the quality of this research within the critical realism orientation**

Central to any social science investigation is a guarantee of the quality of the research. This can be achieved by implementing several tests that are similar for all the methodologies normally used in social science (Yin, 2014). However, they are not exactly the same within different ontological and epistemological traditions. Thus, if a study is driven by positivism, researchers must attend to the internal validity, reliability, construct validity and external validity (Chia, 1997). However, if the research is eminently constructivist, the quality criteria will be credibility, conformability, consistency and applicability (Seale, 1999). Regrettably, quality tests for research driven by critical realism are not as clear as those mentioned for positivistic and constructionist research. Healy and Perry (2000) have proposed six criteria to test the reliability and validity of qualitative research driven by realism; however, realism and critical realism present many variants, and the way to implement this type of research is not unique (Welch et al., 2011). In this research, Bhaskar's (1975) view has been followed. Also, the research has implemented those ideas that have theoretical support and seem to be appropriate for strengthening the theorising process. Thus, because of the close connection critical realism has with the ontology of realism, the criteria proposed by Healy and Perry were considered to be a suitable approach for implementing in this work. The following sections explain how each of these criteria is provided.

### **3.5.1 Ontological appropriateness**

To test the ontological appropriateness of this research, the researcher responded to the question about the type of world that was investigated. Critical realism was considered to be the best ontological view for this study because of the high complexity of the social phenomena being researched. The research questions, as well as the units of analysis, provide initial insight into this. In this research, the functioning of the family businesses needed to be understood in their own context. Critical realism was considered to be the perfect ontological approach, because it acknowledges the organisations as open systems (Downward, Finch, & Ramsay, 2002; Fleetwood, 2005). This allowed the incorporation of family business context to explain the source of socioemotional wealth in the cases being researched. Similarly, it allowed recognition of the role played by family and business contexts in this social and emotional process.

### **3.5.2 Contingent validity**

Contingent validity is close in meaning to the positivistic view of internal validity. However, while positivistic research assumes that the social actor make decisions in a mechanical way, here the world is seen as an open system (Healy & Perry, 2000). Accordingly, in this research, contingent validity was addressed by naming and describing the generative mechanism that operates in each case (Bhaskar, 1975; Perry, Riege, & Brown, 1999). This research relied on building case explanations, developing logic models and matching patterns (Yin, 2014); however, it was not implemented to determine direct cause-effect linkages as is normally used in positivistic research. Instead, the research focused on determining similar and contrasting narrative, as well as events describing the causal mechanism behind real cases. Thus, different realities, which at first glance seem unrelated, were interpreted based on the empirical and theoretical evidence, iterating deductive and inductive analysis (Denis et al., 2001; Easton, 2010). It was critical to determine the socioemotional wealth influence on family business

entrepreneurial behaviour and why family businesses need to behave heterogeneously to preserve this wealth. This information could provide contextualised explanations of the causal relationship between socioemotional wealth and family business decision making.

### **3.5.3 Multiple perception about one reality**

The third criteria to guarantee the research quality was to consider multiple perceptions about a single reality. As this research was built on the basis of critical realism, the world was considered to be objective and external, but at the same time it was accepted that meaning is given by people (Archer et al., 2013; Bhaskar, 1975). Hence, reality was understood to be the result of multiple perceptions of the same events, which required this research to incorporate several family members' narratives. This strategy enabled consideration of their multiples ideas about past and present events, as well as their expectation about the future (Yin, 2003). The use of multiple sources of data and several researchers' perceptions about each case were also implemented to guarantee research validity and reliability (Healy & Perry, 2000). For example, at the Guerra family business, two of the second-generation owners, the third-generation manager and a key family business employee were interviewed. At the Smith family business, the researcher obtained data from the second-generation owners and one of their children who was not yet involved in the family business. In each of these cases, interviews were critical, but the information was complemented with the observation session and the family records collected. However, at the Miller family business, only the two adult owners could be interviewed; therefore, the observation sessions provided critical information to complement the ideas obtained from the interviews. In all these cases, the interviewees' opinions on the past, present and future of the family businesses and the information obtained from other sources were triangulated. To increase the diversity of perceptions, the supervisors' feedback on the researcher's triangulation analysis was taken as an additional interpretation of the cases' reality.



This process provided an idea about the critical events shaping the family context, their priorities when making decisions and the impact it had or is having on the entrepreneurial behaviour of the family businesses.

#### **3.5.4 Methodological trustworthiness**

Methodological trustworthiness is defined as “the extent to which the research can be audited” (Healy & Perry, 2000, p. 123). It is close in meaning to the concept of reliability (positivism) or consistency (constructionism) (Lincoln & Guba, 1990). Accordingly, the aim in this research was to avoid biases or random error as much as possible, and also to guarantee that a replication study on the same cases could achieve similar conclusions if the same procedures and methods are implemented (Yin, 2014). Thus, several tactics were followed to guarantee methodological trustworthiness in this research. For example, all the procedures and research steps were properly documented, and data collection was conducted based on protocols previously developed (See Appendix 3.1: Protocols for data collection and data analysis). The observation sessions were documented as soon they were finished in order to retain as much as possible of the critical information, and the information collected was organised in a database for easy access. In the data analysis stage, the information was processed using the content analysis software, MAXQDA 10. Finally, in reporting the finding and research results, quotations from the interviews are provided.

#### **3.5.5 Analytic generalisation**

Analytic generalisation is defined as “the process that refers to the generalization from empirical observation to theory” (De Massis & Kotlar, 2014, p. 27). In quantitative/empirical research, findings and results are generalised to the population level because they can be supported statistically. If the research is falsificationist, generalisations are made to a theoretical

level but from a positivistic view (Yin, 2014). Constructionist and interpretive research looks to particularisation rather generalisation (Stake, 1978), but if the research is conducted under the lens of critical realism, generalisations are contingent and limited (Welch et al., 2011). Hence, analytic generalisation in critical realism is similar to the concepts of external validity in positivism or transferability in constructivist research (Healy & Perry, 2000). Considering the above, this study can be considered to be theory building rather than theory testing. However, at the same time, the process uses iterative inductive and deductive analysis, as is recommended for critical realism case-based research (Dubois & Gadde, 2002; Easton, 2010). Accordingly, several strategies have been implemented to build theory and develop valid and reliable theoretical generalisations. The study began by deductively researching in depth the background already developed on socioemotional wealth and family businesses. This allowed for identification of the initial research questions and general issues on which the research is based. Importantly, it was critical to write the research protocols used in the personal interviews, observation sessions and analysis of the secondary information. It was also important to determine the characteristics that the cases being considered in this study must have. Then, the research moved on to a more inductive stage, and was driven by the logic replication of multiple cases of study. The starting point of this stage was mainly inductive, but as the data analysis progressed, the researcher iterated between theory and the empirical data coming from the cases. At this point, it was already assumed that the theoretical generalisations being generated from this research were contingent and limited. Accordingly, generalisation to a population level would demand further statistical confirmation.

### **3.5.6 Construct validity**

Construct validity is about appropriateness of the operational measures of the theoretical concept under research (Gibbert, Ruigrok, & Wicki, 2008). This concept comes from positivism

and it is not used when research is based on a constructivist view of the world (Healy & Perry, 2000). For case-based research, it was included as a central criteria of the research validity and reliability by Eisenhardt (1989) and Yin (1994). However, the initial framework was developed earlier by Cook and Campbell (1976) and Cook, Campbell, and Day (1979). For this research, it was considered critical to guarantee the objectivity in the operationalisation and measurement of the core concepts that were being investigated (De Massis & Kotlar, 2014).

To fulfil this criteria, the researcher defined the procedures and strategies that allowed for reliable data collection and analysis (Denzin & Lincoln, 1994; Yin, 2014). Thus, socioemotional wealth, family climate and entrepreneurial behaviour were defined specifically based on previous research. These were the initial core concepts behind this research. Operational measures for each of these concepts were identified as a starting point (e.g. Berrone et al., 2012; Björnberg & Nicholson, 2007; Kellermanns et al., 2008). Similarly, several sources of data were considered to collect evidence, all the information was triangulated along the data analysis process and the chain of evidence was kept. Although the study was conducted by a single researcher, the supervisors' opinions and their feedback were also used to improve the construct validity. Finally, feedback from participants was also considered.

### **3.6 Data collection: Preparation and implementation**

The following section explains how this research was conducted. Here the specific methods and considerations guiding the data collection process are described. It is a less abstract and more practical discussion than the above debate. First, the unit of analysis is defined and the ethical considerations driving the study are explained. Then, the process for case selection is described and the sources of evidence are outlined. Finally the methods used for maintaining the chain of evidence are described.

### **3.6.1 Defining the unit of analysis**

Prior to starting the data collection process, it was critical to clarify which was or were the unit(s) of analysis under research. This allowed the researcher to know the individual, process and level from which data must be collected (De Massis & Kotlar, 2014). In this research, this definition was based on two main considerations. On the one hand, it considered the research focus and goals, and, on the other hand, it also considered previous research to determine critical actors, family/business process and organisational levels influencing socioemotional wealth and family business strategic decision making.

Thus, small and medium-sized family businesses from Chile and Australia were the initial definition of the unit to be analysed. However, understanding the underlying meaning that socioemotional wealth has in these firms and how it impacts on family business behaviour needed a multi-layer analysis. Thus, this research considered the analysis of the family business owners as individuals, the family as a system and the family business as the final unit that incorporates all the previous levels. It was critical to understand the asymmetries in the socioemotional attachment between different family members, and it was also important to understand how the family members who were not part of the family business influenced the decision making. Finally, it was also relevant to understand why the family members' priorities evolved over time and how they influenced family business entrepreneurial behaviour.

### **3.6.2 Ethical considerations**

The research followed the ethical requirements of the Human Research Ethics Committee of the University of New England. Ethics approval for research involving humans was submitted by September 2013 (approval number HE13-227). Authorisation for data collection was granted from 1 October 2013 to 1 October 2014.

An information sheet was provided to participants. This document informed the participants about the research goals and the confidential nature of the process (see Appendix 3.2: Relevant ethics files). The letter also invited voluntary participation and provided the University of New England's contact details to provide evidence of institutional support. The people and family businesses who agreed to participate in the research were required to give their informed consent to be interviewed and recorded.

### **3.6.3 Case selection**

According to Villalonga and Amit (2006), a minimum of 5% of a public trade business should be owned by a family in order for it to be considered a family business; however, the focus of this study is on small and medium-sized family businesses that are acknowledged to have high family involvement and identification (Cruz et al., 2012; Gudmunson, Danes, Werbel, & Loy, 2009). Accordingly, in order to ensure substantial family involvement not only in the strategic decision making, but also in the day-to-day management, this study included businesses where the owners considered themselves to be owners of a family business (e.g. Zellweger et al., 2012), the business was significantly controlled by one nuclear family and the family had management influence through one or more of its members being in decision-making management positions (e.g. Chirico & Nordqvist, 2010).

To allow the research to make cross-cultural comparisons, the research incorporated family businesses from different cultural backgrounds. Thus, Australian families running businesses in Australia, Chilean families running businesses in Australia and Chilean families running businesses in Chile were contacted to be part of the study. Eleven small and medium-sized family businesses that met these characteristics were approached, and only two of them did not agree to take part in the research. Data collection was undertaken with the nine family businesses

that agreed to be part of the research. Table 3.1 shows information about the family businesses that agreed to participate in this research.

**Table 3.1: Family businesses that agreed to participate in this research**

Cultural identification	Size	Number of employees	Industry	Years of operation	Managed by
Chilean family/ Chilean business	Small	12	Hotel and real estate investment	38	Third generation. Grandson of founders.
Chilean family / Chilean business	Small	5	Tourism	7	First generation. The entrepreneur.
Chilean family/ Chilean business	Medium	N/I	Irrigation system. Agribusiness and real estate.	16	Second generation. The oldest founder's son
Chilean family/ Australian business	Small	9	Physiotherapy services	10	First generation. The entrepreneur.
Chilean family/ Australian business	Small/ Medium	18	Furniture store and removal services	9	First generation. The entrepreneur.
Chilean family/ Australian business	Small	8	Restaurant	30	Second generation. The oldest founder's daughter.
Australian family/ Australian business	Medium/ Small	20	Commerce	11	First generation. The entrepreneur.
Australian family/ Australian business	Medium	18	Car smash repair	43	Second generation. The oldest son.
Australian family/ Australian business	Medium/ Small	13	Retail and wholesale butchery	70	Third-generation. Son of the second-generation manager.

The criteria for determining the cultural approach each family business represents was made on the basis of identity theory (Ashforth & Mael, 1989), which means the study included a family as Australian as long as the family members considered themselves to be Australian. Similarly, a family was included as Chilean if they considered themselves to be Chileans. The country where the businesses were run determined the national affiliation of the business.

**(i) Theoretical sample**

Selecting the cases that would be included in the research was one of the most critical decisions made in this process. Compared to quantitative studies, where the purpose is testing

theory, in this case, sampling was not determined by statistical criteria (De Massis & Kotlar, 2014), but by the requirement to develop theory. Accordingly, the cases were selected for theoretical reasons (Eisenhardt & Graebner, 2007), and the main selection criteria were their ability to inspire new ideas and to make conceptual contributions to the theoretical phenomenon under study (Siggelkow, 2007).

This research relies on multiple cases to develop a more robust theorising process (Piekkari et al., 2008). Following Karra, Tracey, and Phillips (2006) the first selection was made based on the access the researcher had to the family businesses. Thus, the nine family businesses that agreed to participate in the research were included in the data collection. The first Australian family and the first Chilean family (running businesses in Australia) were used as pilot cases. From the other seven cases, three were required for analysis. To select the final theoretical sample, three groups of criteria were considered and implemented. Table 3.2 present these criteria.

**Table 3.2: Criteria for determining this study’s theoretical sample**

<b>Conceptual contribution to the main construct under research</b>
Makes conceptual contribution about the priority socioemotional wealth has on the decision making
Makes conceptual contribution about the entrepreneurial behaviour of the family businesses
Makes conceptual contribution about family issues (e.g. family climate) influencing the business decision making
<b>Enable comparison to improve the research validity</b>
Allows explanation of different results for predictable reasons (in term of their narrative)
Access to the family business or quality of the data collected (researcher involvement, family record and interview)
<b>Polar sampling criteria</b>
Represents contrasting realities in terms of the family business generation controlling the business
Represents contrasting realities from a cultural point of view
Represents a contrasting reality in terms of the type of family business (industry, size)
Represents a contrasting reality in terms of the family structure (family leadership, family support in the decision making, number of generations influencing the family business activity)

The first group of criteria compared the cases in terms of their theoretical contribution (Yin, 2014). The second focused on the cases’ ability to enable comparison and improve the research validity (De Massis & Kotlar, 2014). Finally, the third group of criteria focused on

providing a polar sample to test the findings across completely different settings (Eisenhardt & Graebner, 2007). The process for selecting the cases was implemented in tandem. First, each case was scored from 1 to 5 on their conceptual contribution. Thus, the Guerra family business was selected as the first case to be analysed. Then, the remaining cases were scored on the three groups of criteria and compared to select the other two cases. Thus, the Smith family business was selected as the second case because it achieved the highest average score. Finally, the Miller family business was considered for analysis following the same process. In this way, the final sample was selected based on the contribution each of them made to answer the research questions (Easton, 2010; Piekkari et al., 2008).

In summary, the selected cases were those where the researcher would be able to obtain more information and have more involvement with the family owners. Also, each of them represented the best family, cultural and business setting to illustrate the sociological and emotional interactions behind family business decision making. Importantly, the three selected cases also fit a 'polar type' sampling criteria, that is, the three analysed family businesses were different in terms of the cultural approach they represented, the main industry where they competed and the family generation in charge of the decision making. Finally, a theoretical saturation criteria was used to determine the point at which no new cases were considered for analysis. This means that additional cases were not included because their marginal contribution would be too low (Kotlar & De Massis, 2013). All the above were considered critical for supporting the robustness of the theory resulting from this research.

## **(ii) Pilot case**

From the nine family businesses that agreed to participate in the study, two were used as pilot cases. One was selected from those families where their first language was Spanish, and one from those where communication is primarily in English. In both cases, they were identified



as first-generation family businesses. The pilot cases were undertaken to improve the data collection process previously planned (Yin, 2014). The pilot test provided insight that allowed refinement of the personal and group interviews, as well as the procedures for the observation sessions. These pilot cases were critical to the research for learning how to maximise the use of secondary information to improve the primary data collection. Importantly, the pilot cases enhanced the researcher's confidence in conducting the data collection process in the other family businesses that participated in the study.

The data collection process was divided into two stages. The first stage focused on the Chilean families running businesses in Australia and Chile. The second stage was conducted on Australian family businesses. The family businesses used as pilot cases were those that first agreed to participate in the research. As soon as the data gathering in the pilot study started, the researcher analysed the process to identify gaps where improvements were possible. These improvements were discussed with the principal supervisor and the changes were made. The refined process was implemented in the other seven cases.

#### **3.6.4 Multiple sources of evidence**

One of the most important advantages of case study research is the possibility of incorporating multiple sources of evidence (De Massis & Kotlar, 2014). It is aligned with critical realism, which is the philosophical position followed by this research. It allowed the research questions to be addressed by observing the family businesses functioning in their own social and emotional context. In this way, the use of multiple sources of data enabled integration of objective and subjective evidence. It also made it possible to triangulate information that analysed the same phenomena from different points of views (Eisenhardt & Graebner, 2007; Yin, 2003). This was considered a good strategy to guarantee the critical realism aim of the construct validity already analysed. Multiple sources of evidence also permitted the researcher to

rely on his experiential understanding as a central part of the theorising process. It was important because of the complexity of the organisations as a consequence of the strong interaction between the family and the business (Kotlar & De Massis, 2013).

Accordingly, the researcher's experiential understanding was incorporated to clarify the meaning behind the family business events, to better understand the family members' social interaction and to explain the way business decisions were made. In sum, the use of multiple sources of evidence was not only necessary for this research, but it was also one of its more important strengths. It provided an opportunity to delve into the underlying meaning behind the narrative of the family/family business events. It also enhanced the validity and reliability of this research by giving ways to corroborate the construct's validity, as well as offering a robust method to clarify the meaning of complex social interactions (Piekkari et al., 2008). The following section describes each of the data sources used in this research.

#### **(i) Public records**

Public records as a source of research evidence are advised to be used as part of a wider pool of data providers (Yin, 2014). Thus, the way they were used and the relevance they had in each case varies significantly. The public records used in this research were eminently qualitative. The family business web pages were the main source of this type of information; however, YouTube videos, magazine/newspaper articles and media advertisements were also considered when available. In this research, public records played an important role as a first approach to the family businesses. They were critical for designing the best data collection plans for each case, and were important for determining if the family businesses contacted were good cases for answering the research questions of this study.

## **(ii) Private record**

Private records are acknowledged to be a useful source of data because the evidence they provide is exact and stable. However, as normally happens, in this research, these type of files were normally part of the private family life or contained strategic business information (Tagiuri & Davis, 1996). Accordingly, the family businesses that were part of the research restricted the researcher's access to this information. Another problem with private records is the fact that they suffer from biased selectivity (De Massis & Kotlar, 2014). Thus, the researcher had little control over what the contact person in the family business was selecting for him. Therefore, in this research, the access to these types of files was very limited. Only in a couple of cases could the researcher see documents such as balance sheets, family pictures and family video records. Accordingly, when it was possible, the information provided by these documents was used to corroborate evidence collected from other sources.

## **(iii) Interviews**

Interviews are normally the most important source of data in case-based research. They are less important when the research is focused on observable events, such as implementation of a production process. In this study, personal interviews were critical because the research looked to understand the less observable phenomenon of the family priorities behind strategic decision making (Eisenhardt & Graebner, 2007). To enhance the research validity and reliability, it was necessary to consider some important weaknesses of interviews. These weaknesses were usually related to the biases that this source of data could introduce to the research. The researcher was aware of the fact that biases could be generated as a consequence of poor questions, poor responses or incorrect interpretation of retrospective stories. It was also considered that interviews could be biased when the informants do not remember accurately how the events

occurred or when they want to provide a more positive view of themselves (Golden, 1992; Huber & Power, 1985).

In this research, all these potential problems were managed and mitigated using four strategies. Firstly, an interview protocol was developed, tested and improved before its implementation. Secondly, it was decided to interview several informants who provided information on the same phenomenon but from different points of view. Thirdly, the interviews focused on collecting information from the people who best know the information the research needed. Finally, in the data analysis stage, the information obtained from the interviews was combined with others sources of evidence, such as direct and indirect observation (De Massis & Kotlar, 2014; Eisenhardt & Graebner, 2007; Yin, 2014).

The operationalisation of the mitigation strategies required informants from different levels of the organisation and different roles in the family. They were carefully selected because they were the most suitable informants for answering the research questions. The researcher relied heavily on personal interviews with those family members who played or had played an important role in the family business strategic decision making. Accordingly, the family business owners, the family business manager and the family members who worked for the family business in strategic positions were the first to be interviewed. Also, in some cases, it was necessary to interview family members who had little influence on the decision making but who could be important in the future. In one case, a non-family member was interviewed. This exception was because he was the only person in the family business who had worked with one of the founders, her children and with the grandson who was running the family business at the moment of data collection. Importantly, the interviews were planned to be conducted for 60 to 90 minutes; however, some of them were shorter and others were longer. All the interviews took place in the family business offices and the researcher was careful to avoid interruptions and problems that could damage the process.

#### **(iv) Direct observations**

Direct observations are aimed at observing and experiencing the organisational and family life. They allow an understanding of the social and emotional processes in the family businesses. It was also important for analysing the impact the family and the business context had on the decision making. Collecting evidence through observation is normally expensive and time consuming. It is a valuable source of data, but undertaking this required the family to give access to private information or meetings where strategic decisions were made (De Massis & Kotlar, 2014).

Because this research relied on experiential understanding, direct observation of the family and business functioning was considered to be very important. Observation sessions were undertaken to understand the family and the business life. When possible, the researcher took part in family business meetings, but the focus was on observing the family life rather than contributing. In one of the cases reported here, the researcher was allowed to live with the family for a couple of days, which enabled him to be part of the business activity and also share their weekend time with them. In other cases, the researcher took part in a family council meeting, family lunch and dinner, as well as an informal meeting in a restaurant with family business members. These activities were all critical for understanding their family dynamics, their business worries and the balance of power in each case. It was also important to know the role each family member played in the family and also in the business. To minimise bias originating from memory distortion, the researcher recorded his main conclusions as soon as the observation session finished.

#### **3.6.5 Case study database**

A database with all the information collected was built before and during the data analysis process. It looked to minimise bias and to enhance the validity and reliability of this research.

The database contained both the direct evidence that came from personal interviews and a copy of the files provided by the family businesses. It also contained the field notes and the research reports written during the data collection process (Yin, 2014). Accordingly, the database included the electronic recordings of personal interviews, Word files with the interview transcriptions and the researcher's field notes. It also included the Word and Excel files containing the researcher's reports. An electronic version of the public information from magazines and newspapers was also saved in this database. The most important files in the database were the copies of all the analyses made with the software MAXQDA10. It is important to mention that some of the private files, the researcher had access to, were not able to be included in the database. These files included the balance sheets, family pictures and video recordings mentioned above.

### **3.6.6 Keeping the chain of evidence**

Another principle driving the research methodology was maintaining the chain of evidence. This was considered critical for enhancing the reliability of the research. The idea was to provide the source of any information used in the research, which would allow any external observer to trace the whole research process (Yin, 2014). Accordingly, several methods were used to guarantee an adequate administration of the chain of evidence. Thus, reference to interviews, the researcher's notes or footnotes explaining family business roles or other relevant information were considered in writing the final report. The sections of personal interviews cited in the report refer to the main document in MAXQDA10. The researcher's notes or footnotes can be found in the research database described above. Finally, each of the documents containing the researcher's notes and the personal interview transcriptions include a brief description of the context and circumstances under which this information was collected.

### **3.7 Analysing case studies**

Critical realist research normally accepts some subjectivity in the data analysis (Madill, Jordan, & Shirley, 2000). However, it does not admit that bias occurs in the investigation as a result of poor handling of information, which can occur because data collection and data analysis sometimes overlap. To avoid this problem in this study, data analysis was conducted as systematically as possible. Accordingly, as mentioned above, data were collected from a purposeful sample of nine family businesses from Chile and Australia, but the final analysis reported here was carried out on the three most meaningful cases. In these cases, techniques such as within-case analysis, cross-case analysis and pattern matching were implemented to enhance the research reliability (De Massis & Kotlar, 2014).

Four strategies that can be used to conduct data analysis are proposed by Yin (2014). They are (1) relying on theoretical propositions, (2) working the data from the “ground up”, (3) developing case description, and (4) examining plausible rival explanations. All of these were implemented in this study. In fact, this research incorporated additional strategies to enhance research validity and reliability. The next section describes the main strategies implemented in this research data analysis process.

#### **3.7.1 The use of an inductive-deductive cycle of analysis**

Case-based research normally accepts a trade-off between inductive and deductive analysis, and, accordingly, these two options have been seen as opposite (Welch et al., 2011). But, in this investigation, an inductive-deductive cycle of analysis was implemented to fulfil the requirements for realistic research (Easton, 2010). In fact, because this study followed a ‘polar type’ sampling, combining both strategies allowed maximisation of the analytical potential of the study, and provided contrast between the different settings that each case provided. It also provided a contrast with the theoretical research discussed in the literature review. Thus, a

deductive analysis based on the theory and an inductive analysis based on the cases were combined in the within-case and the cross-case analyses. This was critical for understanding the causal relationship between socioemotional wealth and family business behaviour.

### **3.7.2 Case description and rival explanations**

Case description and rival explanations were also implemented in this research (Yin, 2014). The first was implemented to enrich the data analysis process. The development of rival explanations was used to support the conclusions raised as a result of the inductive-deductive analysis across the different settings analysed. These strategies permitted incorporation of the family and business contexts. They were also important for understanding how the specific family business context influenced the impact of socioemotional wealth in each case and why it can change over time.

### **3.7.3 Attempt to understand the overall cases**

The third strategy was to focus on the cases overall instead of treating each source of data independently. The idea was to make all the evidence from the different sources converge (De Massis & Kotlar, 2014). This strategy was especially important in the within-case analysis. In the cross-case analysis, the focus was on comparing the cases to find differences and similarities between the patterns in the cases. The feedback from the supervisors of this thesis was critical for implementing this strategy, as it provided an additional view when integrating the different data sources and linking them with the findings.

### **3.7.4 Organisation of the research evidence**

How the information was organised was critical in the data analysis process. This research aimed to understand the socioemotional drivers explaining family business entrepreneurial



behaviour. Accordingly, it needed to investigate the meaning of the family members' narratives (Jabri & Pounder, 2001). To do this systematically, a four-stage process to organise and analyse the information was implemented. The first step was data reduction, which prepared the evidence to be analysed. It selected and organised the relevant evidence for the analysis. The second step was data categorisation. Here, the information was decomposed and organised into different categories. This simplifies the comparison and the primary identification of critical categories of information. The third step was data display, which improved the previous analysis by organising the information into tables, matrices, figures and text. This was critical for identifying themes and patterns and to make the information more accessible. Finally, the analysis was contextualised by connecting the previous analysis with the case descriptions and researcher's notes to make the final conclusions (De Massis & Kotlar, 2014). These four steps supported the process of 'realist triangulation' by allowing the systematic incorporation of multiple sources of data in the analysis (Madill et al., 2000). It also made it easier to conduct an inductive-deductive cycle of analysis that included the theoretical framework (Denis et al., 2001; Easton, 2010). Overall, the four-stage process described above enhanced the objectivity and reliability of this research so that it conforms to the critical realism philosophy.

### **3.7.5 Use of qualitative data analysis software**

The use of software to conduct data analysis in qualitative research is widely recommended and used (e.g. McKenny, Short, Zachary, & Payne, 2012; Yin, 2014). There is a range of software that can provide support to improve the qualitative data analysis, and in this research MAXQDA10 was used. The selection of this software was primarily influenced by the researcher's participation in a course on qualitative and quantitative data analysis. In this class, the MAXQDA10 was introduced and the researcher learned the basics for its use. The decision

also considered previous users' experiences with MAXQDA. The opinion of professors and PhD students who had already used this software was critical in making the final choice.

This computer tool was central to the data analysis process. It made it easier to implement the data analysis technique normally recommended in qualitative research. Thus, it was very helpful for organising the information, codifying the text, giving meaning to the narrative, revising the codification and organising them by levels. It was also important for findings patterns within each case and across the cases. It gave a powerful insight into determining causal relations as well as building tables and matrices with important information (Miles, Huberman, & Saldaña, 2014).

Importantly, in the Miller and the Guerra family business cases, the data analysis was undertaken in Spanish, because the information was collected in this language. The aim was to keep the underlying meaning behind the narrative and incorporate it into the analysis. However, these two cases required translation of what the participants said when the thesis findings were informed. In the Smith family business, the information was collected in English. Accordingly, the data analysis was undertaken in this language and the information in the discussion of the findings was reported verbatim.

### **3.8 Reporting the findings**

The final section of this chapter explains how the findings were reported. The challenge was to inform the study results and the supporting evidence as simply as possible. The main aim was to create a coherent report that communicated exactly what the research findings supported (Chenail, 2009). To do this, the results that came from the within-case analysis were discussed in separate chapters. Then, an additional chapter was developed to discuss the cross-case analysis. To improve the chapters' flow and provide good support for the discussion, the report relied on tables, figures and a matrix that summarised the most critical information (De Massis & Kotlar,

2014). The final chapter summarised the main conclusion, managerial implications and research limitations. The next section discusses how the research findings were presented.

### **3.8.1 The critical realism discussion**

In keeping with what critical realism suggests, this study has been primarily defined as theory building rather than theory testing (Healy & Perry, 2000). Because most of the time the case-based research is inductive, the main conclusions are presented as propositions. These propositions can then be tested in further studies (Eisenhardt, 1989; Yin, 2014). However, this study is not purely inductive, but is also deductive. Therefore, this research was looking for discovery and conceptualisation (Easton, 2010; Sayer, 2000), which was reflected in the way the report was written. Accordingly, the research analysis and conclusions were written as a contextualised explanation. It looked to highlight contingent generalisations in the within-case analyses as well as the cross-case analysis.

### **3.8.2 Within-case analysis**

Although this research was defined as a multiple case study, each case was conducted as independent research. Accordingly, the first stage was a within-case analysis for each case, with the results being reported independently. The second stage was the results of the cross-case analysis, which is discussed below.

As this research was based on critical realism, the analysis and the reporting of the results considered the case context, the theoretical issues and the ground-up data coming from the cases. Thus, the within-case chapter follows a similar structure to that recommended by Perry (1998). First, a short introduction is presented. For each case there is a brief case description, the interview background data and the interviewer's reflections about the interview process. Then, the main case findings are presented. Explanation is provided about patterns based on theoretical

issues, as well as those unexpected patterns that arise directly from the data. The findings include quotes from the interviews and the researcher's notes. An important part of the pattern analysis describes the family business profile and the family context in each case. It provides additional support to relate the context to the causal explanation. Finally, an overall discussion and conclusions on the main case findings are presented.

### **3.8.3 Cross-case analysis**

As mentioned above, this multiple cases research was reported in two stages (as recommended by Yin, 2014). The first stage was the within-case findings, and the second stage was the cross-case analysis results. As discussed above, the first stage focused on reporting the results of each case independently. It emphasised the pattern matching, the explanation building and the development of a logic model at different levels in each case. The second stage integrated all the findings raised at the single case level of analysis, and was focused on emphasising the pattern matching, and the development of the explanation and the logic model between the cases rather within the cases.

Thus, the three cases allowed for comparison amongst them to determine if the findings were idiosyncratic to each case, or if the same key issues appeared in different settings (Eisenhardt, 1989). The cross-case analysis looked for similar results across the multiple cases, or contrasting results that could be explained theoretically (Yin, 2014). The cross-case analysis chapter introduces the research setting and briefly describes the cases. Then, the main similarities and differences between the cases are discussed, based on the relevant theoretical dimensions, as well as themes that appeared directly from the cases. Finally, the overall cross-case conclusions are presented as a model of relationships based on the analysed cases.

### **3.8.4 Final conclusions, managerial implication and research limitations**

The final chapter with the overall conclusions of this study was written following a similar structure to Denis et al. (2001). Thus, it did not offer theoretical propositions to be tested in further studies. Instead, the chapter developed a contextualised explanation on the basis of the within-case and cross-case analyses findings and conclusions. This chapter discusses key observations and critical themes raised from this multiple case research. On the basis of this contextualised explanation, the thesis finishes with a discussion of the managerial implications and limitations of this research.

### **3.9 Chapter summary**

The philosophical position that underpins this study is critical realism (Bhaskar, 1975). To answer the research questions, an explanatory multiple case research was implemented (De Massis & Kotlar, 2014). The research focused on small and medium-sized family businesses from Australia and Chile and was conducted in three different cultural settings using “sequential replication” (Denis et al., 2001; Yin, 2014). The cases were selected following theoretical criteria and also because the researcher was able to access the family and businesses (De Massis & Kotlar, 2014; Eisenhardt, 1989). The data were collected from a purposeful sample of nine family businesses; however, the analysis was done on the three most meaningful cases and until the findings reached saturation point (Kotlar & De Massis, 2013). Accordingly, three single cases were analysed and reported independently in this document. Then, a cross-case analysis was conducted to determine similarities and differences, and this allowed observation of potential theoretical patterns in the heterogeneous settings the cases provided. Finally, the contrast between the findings of the cases and the theoretical research provided the information to respond to the research questions.

## Chapter 4 Within-case Description and Analysis

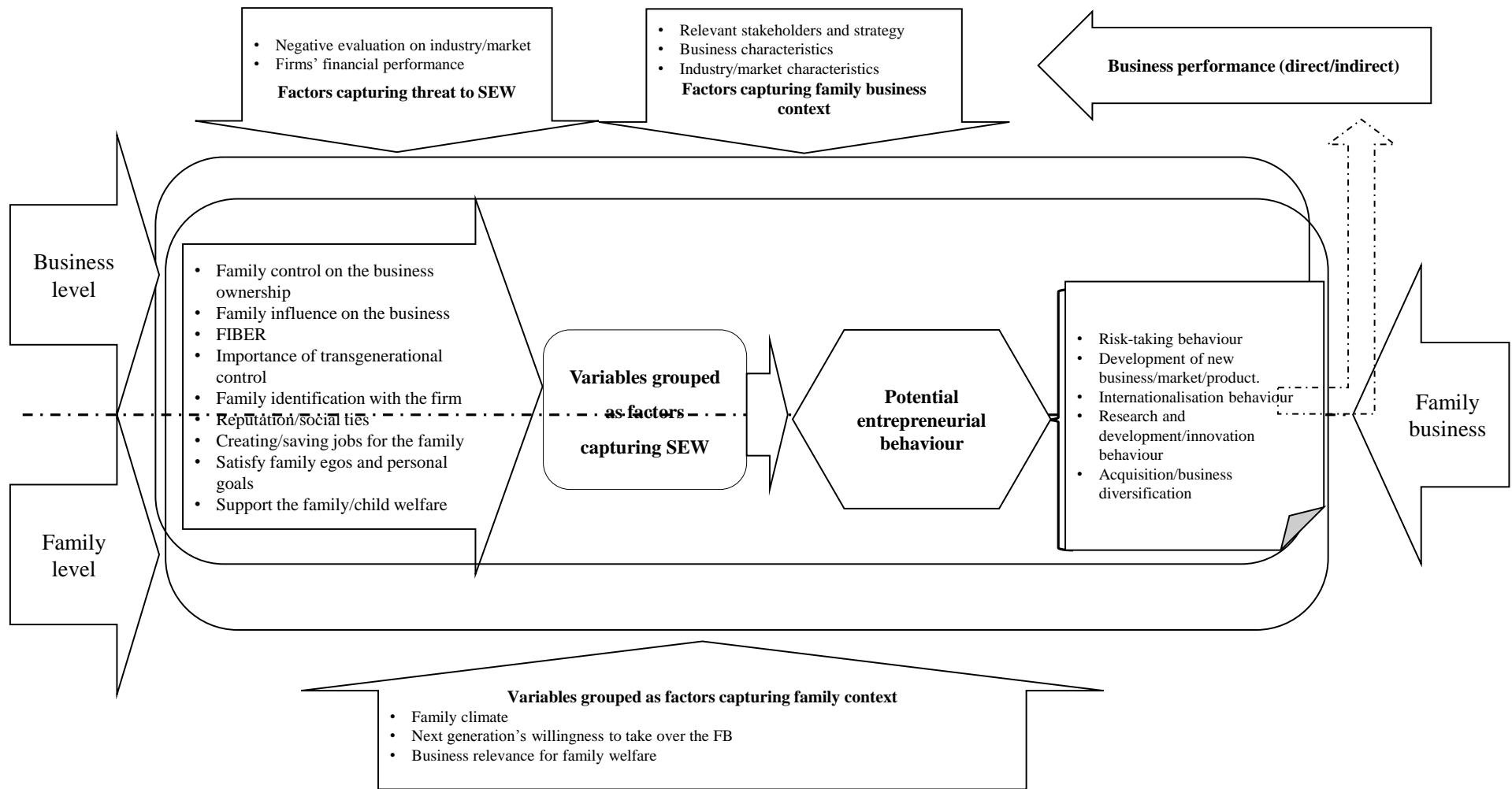
### 4.1 Introduction

The preceding chapter explained the methodological processes and philosophical foundations on which this research is based. In this chapter, the results of each case are discussed. Three main sections report the findings and conclusions of each case. The discussion shows how in each family business the context influences the socioemotional wealth priorities driving their decision making. It also emphasises how socioemotional priorities impact on the entrepreneurial behaviour of the family businesses involved in this study, which provide an explanation about why the entrepreneurial behaviour changed through time in each case. Following an inductive-deductive theorising process, the analyses were primarily conducted using the theoretical discussion outlined in Chapter 2. Similarly, the discussion of each case analysis considers the input from previous research. Figure 4.1 shows the initial theoretical framework that was built on the basis of the literature review to respond to the research questions. It summarises the context/socioemotional wealth/entrepreneurial behaviour relationship that is expected, according to what was observed in the 60 articles published on this research core construct<sup>5</sup>. It highlights how the constructs driving this study could be built.

In the report on each case analysis, first, the case is described. Secondly, the background data on the interviewees and critical reflections on the data collection process are provided. Thirdly, a discussion of the findings is developed. Finally, a global discussion is developed that provides the main conclusions about each individual case.

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<sup>5</sup> See Appendix 2.1.



**Figure 4.1: Context/socioemotional wealth/entrepreneurial behaviour theoretical framework**

## 4.2 Miller family business case (MFBC)

### 4.2.1 Case description

#### (i) Case introduction

The Miller family run a second-hand furniture store and a removal company in Adelaide, South Australia. It is a first-generation small family business employing 18 people, with sales around AU\$1.2 million per year. The family is originally from Chile, but they have been running their business in Australia since 2004. Cesar is the main family and business authority; however, his wife, Olga, has important influence on the family and business decisions. Their one daughter is just 12 years old and the family expect her future will be away from the family business activities. Table 4.1 summarises the main features of this case.

**Table 4.1: MFBC general features**

Cultural Identity	Size	Proxy Sales	Number of Workers	Industry	Established	Family Ownership	Managed By	Family Members Involved
Chilean family/ Australian business	Small/ medium size	Around AU\$1.2 million	18	Furniture store and removal services	2004	100%	First generation. The entrepreneur.	2

#### (ii) The family history prior to the family business

Cesar came to Australia in the 1970s. He had a successful history as an entrepreneur, but in the 1990s everything went wrong. He separated from his first wife and lost his businesses. Later, he travelled to Chile, and met and married Olga. They settled in the south of Chile and Cesar started business again as a building contractor. Olga, who is 19 years younger than Cesar, had a career as a food engineer and worked for a local food company. Later, she left her job and together they undertook their first business as family in the hospitality and tourism sector. Their only daughter, Cristina, was born in 2001.



Things were going well for this family until they lost all they had in a fire in 2002. Cesar had been having problems adapting to the local Chilean culture, but after the fire things became worse and family conflict increased. Under this scenario, Cesar lost his family again, but this time he was determined to change his destiny. Eventually, after overcoming many difficulties, the family met again, and they decided to come to Australia and start again. Carlos' parents and brother already lived here, and they were happy to support Carlos in re-starting a business.

### **(iii) The family business history**

The family arrived in Sydney in November 2004. They started working at Cesar's brother's (Juan) furniture store for a couple of weeks. Here they learned about the business, and then started their own entrepreneurship. With Cesar's father's support, they bought a second-hand commercial car and started to do deliveries for Juan's business. The family moved to Adelaide and opened their own store in April 2005. It was neither the most profitable nor the least risky work option, but it allowed the family to be together and support each other in building a common project.

From this point, family life became centred on the family business. The family business grew very fast. Cesar improved the supply and delivery process and the business started to expand. Also, Olga overcame her language barrier to focus on sales and customer service. The dynamic of the furniture store opened new opportunities and later they started to offer removal services. Thus, family life revolved around working, travelling, delivering and serving their customers together as a team. They enjoy this family business life, but sometimes they have to work 15-hour days. In seven years, Cesar and Olga have transformed a small store with five products in stock and two employees (the owners) into an 18-people family business with sales of over a million dollars per year.

#### (iv) The current scenario and the decisions they are facing

The hard work that Cesar and Olga have undertaken has taken its toll. Both have started to have health problems, and some of the business activities have become too demanding in this context. Cesar is over 60 years old and he does not feel well enough to keep running the removal service company. Thus, selling this business unit and buying the real estate where the furniture store is functioning looks to be their most immediate goal.

#### 4.2.2 Background data and reflections on the case data collection

The following section describes the contextual background of the data collection. This case-based research considered multiple sources of data; however, the main family business decision makers were the most critical source. Therefore, providing information about them is central to understanding the data collection context. Table 4.2 summarises the family business owners' background data.

**Table 4.2: Interviewees' background data**

Name <sup>6</sup>	Family Role	Family Business Role	Age Group	Relevant Background
Cesar	Patriarch <sup>7</sup> / husband	Entrepreneur <sup>8</sup> / general manager for the whole business <sup>9</sup> .	60s	More than 20 years of previous business experience in Australia. He is an entrepreneur and developed businesses in Chile and Australia. He has failed and started again more than once.
Olga	Mother and wife	Financial manager <sup>10</sup> for the whole business/ sales <sup>11</sup> and operations <sup>12</sup> manager in the furniture store.	40s	Graduate professional in the food industry. She used to work as an employee in Chile. She has previous experience in sales in Chile.

<sup>6</sup> All names reported in this case study are pseudonyms.

<sup>7</sup> The patriarch category includes the role as head of the family, which is the most important voice in the decision-making process.

<sup>8</sup> The category of entrepreneur includes his profile as a new business generator, willing to make risky decisions.

<sup>9</sup> The category of general manager involves the role as the main decision maker in the family business.

<sup>10</sup> The category of the financial manager includes the responsibility for economic resources management, its budgeting and control.

<sup>11</sup> The category of sales manager includes her role as sales person and her responsibility for customer service.

<sup>12</sup> The category of operations manager includes her responsibility for the organisation of the day-to-day business activities.

Three personal interviews were undertaken in this case, and were the source of information that provided most of the primary data for the analysis. Thus, the interview dynamic, the interviewer's physical conditions and the interviewer's frame of mind are relevant to the data collection context. The process started with an introductory meeting in the family business headquarters after the family business was contacted. Here the researcher was invited to spend a whole weekend with the family, where personal interviews, a social gathering and a planned meeting took place to get as much information as possible. The interviewer's reflections are presented in Table 4.3.

**Table 4.3: MFBC interviewer's reflections**

Interviewee	Interviewer's physical condition	Interviewer's frame of mind	Description of the interview dynamics
Cesar	Excellent. No problems that would prejudice the interview.	Overall I felt pleasant and confident. He was completely honest about what he was telling me.	An introductory interview took place in the family business headquarters. Good physical conditions but Cesar was very busy. The second and main interview took place in his house, where conditions were good and he had plenty of time. Overall, interviews were excellent. He was very nice and open to giving responses to all the questions, even the most personal ones.
Olga	I felt a bit tired but it did not prejudice the interview.	I felt a bit more nervous because she is shy, and to get information from her was a bit more difficult. When she shared the introductory interview with Cesar it was easier.	Overall she was very nice, although because of her shyness, getting information from her was harder than getting it from Cesar. The main interview took place in her house, where conditions were good. Further informal conversation took place the whole weekend the interviewer shared with the family.
Cesar and Olga	Excellent. Nothing important to report.	At the beginning, I was a bit nervous because I did not know the family. But later I felt very relaxed and confident.	It was an informal and non-planned interview. I arrived on time to the family business headquarters to introduce myself and explain the research. Although we faced many interruptions, the conversation became interesting and I asked if I could record. This interview was important for getting to know Olga because she was less shy when talking less formally.

#### 4.2.3 Miller family business case findings

As the collected information started to be analysed, several findings appeared. The codes were grouped in factors and the related factors were labelled as themes. These themes gave information about the context surrounding family business events, the family and the business

priorities behind the decision making, as well as the entrepreneurial behaviour and other factors about the case. Each theme is formed by several factors. Appendix 4.1 shows the factors under each theme. The following sections discuss the findings from this case.

**(i) Background of the Miller family members and the family business capabilities**

In order to explain the family business dynamics, it was necessary to understand the family structural context in which decisions were made. In this case, six factors provided a good overview of this family's capabilities and the family members' backgrounds. The central factors related to this theme were the patriarch entrepreneurial profile, the family members' complementing capabilities and attitude to the business, the family's previous experiences, the family support for the business start up, the mother manager/sales-service profile and the owner's entrepreneurial experience. For details about each factor, see Appendix 4.1a. The three most quoted factors are presented.

***Patriarch entrepreneurial profile:*** Cesar's entrepreneurial profile was critical to the startup and development of this family business. His strong leadership in the family has led them to embrace entrepreneurial activity as the best way to support their family needs. It was observed that Cesar loves his life as an entrepreneur. He loves thinking about new ideas, although he knows most of them could never be implemented. For him, working as an employee has never been an option. He said that it is not the way for him to live his life. He mentioned that for him it would be hard to realise a life without changes and new challenges. The following describes Cesar's entrepreneurial profile.

CESAR: I enjoy thinking about new ideas ... it normally starts when I am bored [it is a joke] ... so my head is always thinking on something new ... Olga knows me ... I love to speculate [imagine]<sup>13</sup> on new projects. (Cesar interview, paragraph 8)

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<sup>13</sup> The use of [ ] flags the researcher's intention to use a text that clarifies the context.

RESEARCHER'S NOTES: The number of times Cesar has started new businesses provides further support for his entrepreneurial profile.

CESAR: I believe this is the fourth time I have started a business from zero ... It is hard at the beginning, but it makes you stronger. (Cesar interview, paragraph 8)

***Family members' complementing capabilities and attitude to the business:*** The complementing personalities and capabilities of Cesar and Olga were identified as one of the most critical factors for the functioning of this family business. Cesar was identified as the person who creates new ideas and projects, but Olga was seen as the person who demands justification when making important decisions. This complementary behaviour of Cesar and Olga was not only observed in the analysis of the strategic decision making, but was also detected in the day-to-day family business activities. The complementarity was also mentioned when Cesar and Olga talked about the emotional attachment they have to their business. Cesar said that for him, it does not matter which business the money came from. However, Olga explicitly expressed her attachment to the furniture store. The following comment illustrates the discussion above.

RESEARCHER'S NOTES: Cesar's entrepreneurial profile was already discussed. The comment below shows Olga's focus.

OLGA: I look after the money [the researcher labelled this as the manager profile] ... I believe women are more careful with the money and Cesar sometime is a bit messy. (Olga interview, paragraph 32)

RESEARCHER'S NOTES: They also feel different about the attachment to their business.

CESAR: I do not care what business we are running. In fact, two days ago I asked Olga for the first time if she has thought about selling the furniture store. (Cesar interview, paragraph 37)

OLGA: The truth is that I want to keep working at the furniture store. We can still rent here for the next nine years, so I can work here for nine more years. In fact, I would like to open a second shop here in Adelaide. (Cesar and Olga interview, paragraph 12)

This factor emphasises the differences between Cesar and Olga. However, the family also showed common patterns in terms of their positive attitudes toward each other and the business. They mentioned their openness to learning from their failures and also talked about their feelings about their daughter's support and participation in the business activities. The comments below give support to this analysis.

CESAR: Each time we fail we try to learn from that and then we adapt and change ... (Cesar interview, paragraph 30)

RESEARCHER'S NOTES: Olga commented about their 12 years old daughter's support

OLGA: She [her daughter] inputs ideas, and now that she is on holidays, she can spend the whole day with us here in the business ... in fact she knows the whole operation. (Cesar and Olga interview, paragraph 12)

***Family's previous experience:*** This is a critical asset on which the family business is built. The difficult experience they had in Chile, when they lost everything in a fire, impacted on their view of life and business. The fire not only impacted on the family's economic foundation, but also destroyed them emotionally. This experience was traumatic and changed the assumptions on which they built their life. It made the family's emotional welfare a priority and it became a central part of their life. This experience is more emphasised by Cesar. Accordingly he explains:

CESAR: The fire was something that had to happen ... if it had not happened I would have never learned to live. (Cesar interview, paragraph 12)

RESEARCHER'S NOTES: After that, family's problems increased and Olga left Cesar. The fear of losing his family again made him change the focus from himself and business success to the family's success.

CESAR: After the fire we spend many months apart ... I focused on getting my family back ... So spiritual things happened and I understood why things happen. At that moment I made a dramatic turnaround. If you ask Olga, she will say ... "After that he changed". (Cesar interview, paragraph 19)

## **(ii) Miller family business: Drivers of socioemotional wealth at the family level**

Looking to determine the factors behind the socioemotional wealth construct, this research identified the priorities explaining the family business decision making in this case. All the codes with narrative related to family priorities were grouped into seven factors. These factors (family priorities) were defined as the drivers of socioemotional wealth based in the family system. The factors identified in this case are the priority of keeping the family united, making decisions under agreement, avoiding family conflicts, being cohesive as a family, looking after each other, giving the best for their children and satisfying the family's needs. For detail about which codes form each factor, see Appendix 4.1b. Discussion of the four most quoted factors follows.

***Keeping the family united:*** The family owners' narrative mentioned this factor frequently. In fact, the priority of keeping the family united was a primary consideration when investing in the

second-hand furniture store, rather than working as a builder and an independent contractor. The following illustrates this observation:

CESAR: I came with my little daughter and my wife who did not speak English, so it was very difficult to leave them alone. (Cesar and Olga interview, paragraph 16)

RESEARCHER'S NOTES: The first option for Cesar was to take up again his work as a builder and independent contractor. He had experience and he knows the market, but this did not meet their family priorities.

CESAR: I was looking for something where I could stay close to the family. The business where I was [I used to work when I lived in Australia before] was very good [builder and independent contractor], but these types of work are very demanding, you need to be there 24/7. I did not like that for my family. (Cesar and Olga interview, paragraph 18)

Keeping the family united was a minimum condition for them to make important decisions.

The discussion above is an example of the impact this priority had on strategic decision making at the business level. But this factor was also important when making critical family decisions.

An example of this is the delayed decision to come to Australia. The family could have made the decision earlier; however, they decided to stay in Chile until the emotional crisis in the family was overcome. They believed that facing the challenge of coming to Australia would increase their risk of breakdown. Cesar commented:

CESAR: Olga really wanted to come, but we had a very weak relationship, I mean full of conflicts ... Olga loved her job there ... so to come to Australia, no, I felt we were going to fail ... (Cesar interview, paragraph 17)

RESEARCHER'S NOTES: Olga avoided talking about their conflicts as a couple. However, off the record, the family talked about this event and the ideas followed the same pattern.

CESAR: I accepted we were ready when we were living together again; we had overcome one year of problems and conflicts, so we finally came here. (Cesar interview, paragraph 19)

***Making decisions under agreement:*** This factor is aligned with the priority the family put on preserving a healthy family climate. It was observed that to preserve the family balance, they prioritise respect for each other when making decisions. Accordingly, for this family, the agreement to make decisions was considered a critical factor in avoiding potential conflicts.

Cesar and Olga elaborate:

CESAR: Decisions come always from both of us, but sometimes when I am completely confident that a decision must be taken, I make the decision, accepting all the consequences [potential conflict] ... But, finally, I am not talking about big decisions. (Cesar interview, paragraph 42)

RESEARCHER'S NOTE: Off the record, both [Cesar and Olga] acknowledge some events where Cesar's independence in the decision making has led to conflict between them. Olga mentioned one example on the record.

OLGA: When he bought that new truck he told me come and see what I have for you ... [She expressed non-verbally the anger she felt] ... I told him what! No! ... At this moment I became angry, but after a while I realised he was right. (Olga interview, paragraph 9)

Overall, Cesar put emphasis on making important decisions under agreement, while Olga put emphasis on asking the other one's opinion. It is reflecting that important decisions were normally made in agreement with each other. The following informs this observation.

RESEARCHER'S NOTES: Both emphasise that most of the strategic decisions are made together. Cesar gives an example.

CESAR: If we analyse who was the one who made the decision to sell the removal business, the decision was mutual because it is big. The one who started with the idea ... was me. (Cesar interview, paragraph 42)

OLGA: The decisions are shared, most of the time we talk and make decisions together [she is also talking about important decisions]. (Olga interview, paragraph 30)

***Avoiding family conflict:*** In line with the previous discussion, avoiding family conflict appeared explicitly as one of the most important family priorities in this case. The importance of this factor could be based on the strong conflicts this family had faced in the past. The following comment supports this observation.

CESAR: So all the problems we had sunk us more and more, not economically but each day it was harder and harder to live together. Each day a new problem, a new conflict and I could not find an answer ... and before solving one problem another one arose. (Cesar interview, paragraph 15)

Cesar and Olga had to overcome all these problems, and avoiding new family conflicts became a priority. Codes under this factor were only mentioned by Cesar. He is the family member who most influenced the business decision making. The narrative supports the idea that Cesar's background and his previous family experience are critical determinants of this factor. Cesar's discourse highlighted his fear of losing his wife and child again. Thus, avoiding conflict to preserve the family balance was considered one of the most important family priorities. The following shows Cesar's opinion of this point.



RESEARCHER'S NOTES: In a non-recorded conversation, he talked at length about this stage of his life. On the record he also commented how painful it was ...

CESAR: Lose my wife again, lose my daughter again [something he does not like] ... I mean, I had lost my first family, I had lost my kids and I was losing my second family ... (Cesar interview, paragraph 15)

RESEARCHER'S NOTES: Privately he talked about the ties he has with his daughter. Also, Olga confirmed this.

CESAR: With Cristina [his daughter] we are very close; we had a special and strong emotional tie. I am not telling you that with my first kids we did not get those ties ... that was not what happened; what happened there was a very violent rupture of our relationship. But with Cristina I was afraid that the same would happen. (Cesar interview, paragraph 15)

***Being cohesive:*** This factor emphasises the priority they put on supporting each other as a family. Similar to the previous factor, this priority is about preserving the family balance. However, this time the codes forming this factor were closer to Olga's discourse. The cohesion around family and business goals has had a direct impact on the attitude the family has shown to the business activity. It was a critical family resource upon which entrepreneurial activity has been built. But, more importantly, family cohesion is a core personal and family value that Olga looks to preserve. Olga elaborates:

OLGA: From my personal point of view, marriage is like a couple of oxen pushing together to the same goal. (Olga interview, paragraph 15)

RESEARCHER'S NOTES: Family cohesion and love explain the positive attitude they have to the business activity.

OLGA: Things become easier when there is love and cohesion in the couple; for example, when he felt tired I encouraged him ... let's do it, take this job like a drive. Try to encourage each other and stay together at the same time. In that way the stress and hardworking became fun. (Cesar and Olga interview, paragraph 39)

Thus, family cohesion was identified as the necessary condition for undertaking new challenges at the family level and the business level. The family business owners mentioned their concern about the risk of following new projects without cohesion. Cesar was afraid that it would make the family a fertile ground for conflicts and problems. The following comment supports this observation.

CESAR: If we want to leave from here [leave Chile and come to Australia] we have to do it with love, with cohesion, fused ... so in that way a family break will not occur. (Cesar interview, paragraph 17)

RESEARCHER'S NOTES: Olga provided an example about how an important project [a package gourmet food business] was not scaled in Chile, just because Cesar did not get her support.

OLGA: Cesar expected to do it on a big scale, put the product at the supermarket [they even had the opportunity to export to Asia] ... the truth is that Cesar has always been more risk taking

than me, for me that was like too big, maybe I was frightened ... I believe he did not get the support from me; otherwise we maybe would not be here. (Olga interview, paragraph 9)

### **(iii) Miller family business: Drivers of socioemotional wealth at the business level**

The section above discussed the socioemotional wealth drivers at the family level. The following section analyses the priorities behind the decision making at the family business level. In this case, five factors were identified. These factors (family business priorities) are the drivers of socioemotional wealth in the business system. They represent the priorities that need to be preserved in order to keep the non-economic wealth the business generates for this family. The family business owners' discourse highlights their priority on preserving the ties/trust with customers and staff, managing the business based on family values, guaranteeing the flexibility/freedom the business provides to the family, keeping family control on their business, and preserving the reputation that makes them feel proud of their family business. For detail about the codes forming each factor, see Appendix 4.1c. Following is the discussion on the three most mentioned family business priorities.

***Preserving ties/trust with customers and staff:*** This factor emphasises the priority the family business owners put on preserving the social and emotional ties they have developed with customers and staff. These ties are an important pillar that supports the family's attachment to their business. The narratives provided evidence about how the ties that had developed through their business activity had created non-economic wealth that Cesar and Olga would like to preserve. For instance, Cesar gave value to the ability he has to lead and influence his employees. He acknowledged that he enjoys being the leader and feels that it gives him the chance to leave a legacy of knowledge to his employees. On the other hand, Olga highlights the importance for her of keeping in touch with customers and workers. Accordingly, they have obtained socioemotional wealth as a result of the social ties they have developed through the

family business. This wealth is something they do not expect to lose, and preserving these social ties is seen as a priority for the family business. Following are some comments made by Olga and Cesar to this effect:

OLGA: What I love about the business ... I have developed strong friendships with a lot of people. (Olga interview, paragraph 24)

OLGA: Peter [the business manager] and his wife, they used to come home and share with me. We had dinner together; we used to cook all together with Cristina and his wife. (Olga interview, paragraph 41)

RESEARCHER'S NOTES: Cesar talking on what he likes and what he is looking for when he makes business decisions.

CESAR: What I like the most, my most salient interest, is influencing others in order that they have benefits too. (Cesar interview, paragraph 26)

CESAR: I look for benefits for everybody: as family, business benefits and external benefits too. (Cesar interview, paragraph 37)

***Managing the business based on family values:*** This factor is considered an expression of the strong tie between the family and the business identity. It appeared more frequently in Cesar's narrative than in Olga's discourse. Cesar is the patriarch leading the family and the business. Accordingly, he puts priority on preserving a balance between his role as entrepreneur and his responsibilities as family leader. It was observed that for him it was important to maintain the coherency between both roles. Thus, the priority Cesar puts on this factor supports the idea that the business is an extension of family life. Hence, the way the family business is managed identifies them as a family. Finally, it could have consequences for the family's reputation. According to the theoretical background supporting this research, reputation is one of the most salient drivers of socioemotional wealth. The following comment supports the analysis above:

CESAR: It was a long process to realising that life is about learning, being humble, respectful, and to be worried about giving and not expecting to receive. The more you give, the happier you are. (Cesar interview, paragraph 13)

RESEARCHER'S NOTE: To confirm that their family values are the priority, he emphasises that money is not the most important thing for them. It is a consequence, not a goal in itself.

CESAR: I got a lot of money in the past ... today we also make good money but it is not the most important ... (Cesar interview, paragraph 21)

***Guaranteeing the flexibility/ freedom the business provides to the family:*** This factor was especially important for Cesar because of his entrepreneurial profile. He had almost never worked as an employee and he believes it would make him unhappy. It was the reason why he

attributed such non-economic value to this priority. This factor was generated only from Cesar's interview, but it was important for the family as whole. In this family, it was observed that Cesar's figure is very important. He is the centre of the family, made the important decisions and every family activity is connected to him. Accordingly, the family's welfare is closely connected to Cesar's emotional welfare. This flexibility is important not only in terms of what they do in their personal life, but also how they face their business responsibilities. It was observed that they switched their focus from family to the business and vice versa according to what the context was demanding. The comment below supports this analysis.

CESAR: We are free, although our business is very demanding. Why I believe we are free, because we travel a lot. During the few years we have been living here, Olga has travelled to Brisbane and along the coast, and we have travelled to Chile several times. I went to Israel and now I want to take the family. (Cesar interview, paragraph 48)

RESEARCHER'S NOTES: When the family faced economic problems, preserving the family's socioemotional wealth demanded focus on the family business. When too much work threatens the family's socioemotional wealth, they have the flexibility to focus on the family over the business.

CESAR: Our family business allows us to do that; it allows us to share responsibilities and avoids us being behind a desk all the time. (Cesar interview, paragraph 48)

#### **(iv) Miller family business entrepreneurial behaviour**

This case was a very good setting for understanding changes in entrepreneurial behaviour. The analysis studied historical and present events and identified six factors related to entrepreneurial behaviour. These factors allowed identification of strong and weak entrepreneurial behaviour. Thus, strong entrepreneurial behaviour was detected when the family business started up and over the following years. On the other hand, weaker entrepreneurial behaviour was observed in the last three years.

The six factors giving information about this family business's entrepreneurial behaviour are looking for a less family demanding business, risk-taking behaviour, commitment to developing the family business project, positive attitude towards business activity, intention to keep growing the business safely and innovation in the business model operation. Appendix

4.1d provides information about the codes forming each of these factors. The next section analyses the four most quoted factors.

***Looking for a less demanding business:*** In this case, the data collected were influenced by the narrative about contingent events and decisions. Accordingly, the most quoted factor under this theme was showing weak entrepreneurial behaviour, which was contrary to what was observed most of the time. This factor emphasises the recent family interest in decreasing their entrepreneurial activity. The narrative behind this factor supports the idea that the family business change is normal behaviour as a consequence of changes in the family context. The health problems faced by Cesar and Olga forced them to think about decreasing their pace of work. They have decided to sell the removal service company (considered very profitable) and put their money into a less demanding business. The following comments provide support for the analysis above.

CESAR: I have already researched that, as I told you we want to sell the removal business. It is not because this business is unprofitable, quite the opposite, it is very profitable. The reason is that this business is very demanding ... (Cesar interview, paragraph 30)

RESEARCHER'S NOTES: It is demanding mainly for him and he has been having health problems and is close to retirement age.

CESAR: ... the workforce we need here is very complex; it is hard to find workers for this job here in Australia. (Cesar interview, paragraph 30)

RESEARCHER'S NOTES: Buying the real estate where the furniture store is currently functioning is seen as a low risk investment that would provide long-term passive incomes.

OLGA: I would rather buy the property for the furniture store. Before I thought about purchasing another house, but today it is not a priority. I prefer to live here, rent something close to the furniture store and buy the property for our furniture shop. (Olga interview, paragraph 28)

***Risk-taking behaviour:*** Some contradictions were observed between the observation and narrative forming these codes<sup>14</sup>. On the one hand, it was observed that this family took a huge risk leaving their country and coming to Australia with the idea of starting business here. The way they started up the family business and how it was developed also seemed to be evidence of their openness to taking risks. On the other hand, most of the codes forming this factor

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<sup>14</sup> Following critical realism, to close this gap the analysis conciliated both narrative and observation. It incorporated context to explain the behaviour behind the factor.

emphasised the family business owners' risk aversion. To fill this gap, all the codes talking about risk-taking behaviour were labelled under the same factor and analysed on the basis of the narrative and observation. Thus, they showed a different level of aversion to taking risks in this family business. Overall, it captured both: the narrative highlighting those moments when the family business was able to take bigger risks and those when they preferred to be more conservative. The factor also highlighted the different disposition to taking risks declared by Cesar and Olga.

The three most frequently mentioned codes talked about the family's aversion to high debt risk-taking. These codes appear closer to Olga's figure, confirming her lower disposition to accept risk. The comment below also emphasises that this family business took huge risks in its first years of existence. Cesar and Olga overcame their risk resistance and made important investments, mainly based on debt. The following are some examples of this effect.

CESAR: For my wife [he is talking to her] ... for her that meant [he is talking about their first big investment] big words to go on it [it is a Chilean expression to say she was scared, she did not want to do it]. (Cesar and Olga interview, paragraph 43)

RESEARCHER'S NOTES: Olga reinforcing the Cesar version. Importantly it was documented that this investment was financed 100% with debt.

OLGA: I was scared of taking that risk. I am normally scared when we are talking about too much money. (Cesar and Olga interview, paragraph 46).

As mentioned before, and aligned with the observations, in this factor two codes were showing moments where they had made highly risky decisions. At this critical moment, their decisions had been conducted by a feeling of "we have nothing to lose" or "we have the risk under control". Overall, this factor is confirming what the literature has previously found. This family business has exhibited risk-averse or risk-taking behaviour, depending on the family/family business context they were facing. They normally avoided making risky decisions, but when they had needed to take a bigger risk, the assumption for analysing their decision changes. When it happened, the feeling that they had nothing to lose or that they were taking a

calculated risk superseded their normal aversion. The following examples support the analysis above.

CESAR: When we bought this house, we needed to have 20% of the total house value and we did not have that money ... We had to take out another loan, which means we were trying to pay two loans. (Cesar interview, paragraph 24)

RESEARCHER'S NOTES: They had to over extend but they really wanted to buy this house. Although they knew it was risky, Cesar believed it was a calculated risk.

CESAR: Another thing happened, we took a calculated risk. First you have to know if you can pay. But you know your numbers; you know your commitments, so when you know that you also know you will succeed. (Cesar interview, paragraph 24)

RESEARCHER'S NOTES: Olga talking about why she pushed for coming to Australia.

OLGA: So we came to Australia, I had nothing to lose. Quite the opposite, I had lots to win. (Olga interview, paragraph 11)

***Commitment to developing the family's business project:*** The narrative behind this factor was talking about strong entrepreneurial behaviour. The priority (in terms of time and effort) this family put into developing their business was the response to the extremely difficult scenario they were facing when they arrived in Australia. Accordingly, the codes forming these factors were mainly related to the events occurring in the start up process and in the following few years. The scenario that motivated this behaviour was completely different to the context this family was living at the data collection moment. The researcher observed that their commitment to developing their entrepreneurial activity has weakened in recent years.

Cesar and Olga's commitment to the family business was seen as an expression of the entrepreneurial behaviour of this family business. It was stronger when they had just started their family business and became weaker when the family business was already positioned and the family context demanded focus on family rather than business issues. An example of the above discussion was the fact that this family set aside the option to work with Cesar's brother and preferred to develop their own family business. They could work as employees and get a safe income, but it was not their goal. In order to develop their entrepreneurial dream, Cesar and Olga had to work hard together as a family. They committed all they had and invested all the time and effort they could. The following comment gives an example of the analysis above.

CESAR: ... he [Cesar's brother] offered for us to run one of his businesses [Cesar's brother was running three second-hand furniture shops in Sydney]. But I never accepted a salary, we agreed he did not pay me because I did not like any commitment to him. (Cesar interview, paragraph 19)

RESEARCHER'S NOTES: Cesar and Olga talked about when they started the business in Adelaide. They were completely committed to the business project.

CESAR: ... we worked a lot. Sometimes we arrived home at 11.00 pm and Cristina had to be with us on a cushion at the store. (Cesar and Olga interview, paragraph 36)

OLGA: Sometimes we made deliveries or we had to pick up furniture at night. Sometimes we went one or two hours from here to do the delivery. (Cesar and Olga interview, paragraph 37)

CESAR: When we started this business in April 2005, when we opened the doors, we had five furniture products and a lot of debt because we committed all that we had. (Cesar and Olga interview, paragraph 25)

***Positive attitude towards business activity:*** The narrative forming this factor was also informing strong entrepreneurial behaviour. The positive attitude to overcoming difficulties and weaknesses was considered a strong example of this behaviour. The codes forming this factor were closer to Olga's narrative. However, it was observed that both (Cesar and Olga) behave similarly in this dimension. Their motivation and persistence was admirable. Olga did not speak English but she had to interact with customers. On many occasions, Cesar drove the whole night to arrive home and supported Olga the next day in the store<sup>15</sup>. This attitude was how they faced difficulties and solved day-to-day problems. Importantly, it was observed that Cesar and Olga felt proud of their dedication to the business. The next comment support the observations above.

OLGA: The main problem I had was that I did not speak English, because we had no time for me to study. So I had to answer the phone, talk with customers and I did not speak English ... (Cesar and Olga interview, paragraph 30)

RESEARCHER'S NOTES: She looks emotionally happy and proud when she is talking about that.

OLGA: ... So I tell them [the customers] sorry about my English, and they kept talking. (Cesar and Olga interview, paragraph 30)

RESEARCHER'S NOTES: Cesar talking about his long trip to Sydney and Melbourne, showing the commitment and hard work focused on developing the family business.

CESAR: Five in the morning I arrived home, offering coffee to them [Cristina and Olga]. I had been driving the whole night. (Cesar and Olga interview, paragraph 47)

Similar to the previous factors, the family's attitude to their business has also changed. It is still positive and Cesar keeps thinking about new ideas. In fact, they mentioned that they want to keep working independently and developing their family entrepreneurial activity. However, it

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<sup>15</sup> One of Cesar's main responsibilities was supply, so he used to travel to Sydney and Melbourne to buy products.



was observed that their focus was on continuing to run what they have, rather than implementing these new ideas. Accordingly, it was observed that the implementation of new a project was not something they were working on. The following comment talk about the previous analysis.

CESAR: I am always thinking about something new, creating something ... at this moment I am speculating [it was seen just as a non-clear idea] on food again. I can analyse ... but I made the decisions, I have the ideas ... I have ideas on real estate investment or food, but they are ideas, we have not made any decisions yet. (Cesar interview, paragraph 37)

RESEARCHER'S NOTES: Cesar has many business ideas. But what they were really doing was improving their position on passive incomes.

OLGA: ... I would buy the real estate [where the furniture store is functioning] ... It is our priority right now. I would prefer go out of here, sell my house, rent something close to the furniture store [for living], but I want to buy this real estate. (Olga interview, paragraph 28)

#### **(v) Other additional factors**

Four additional factors were identified, but they were not directly related to any of the themes discussed before. Each of them provided information about different situations, but they were not related. These factors represented some positive and negative effects of the entrepreneurial activity on the family, important issues about this family's ability to adopt the new culture, a couple of relevant threats to their business and finally some codes that gave information about the performance of the family business. For details about each of these factors, see Appendix 4.1e. The following is an analysis of these additional factors.

***Positive and negative effects of the entrepreneurial activity on the family:*** The family business daily activities had impacted on the family environment. The huge challenge Cesar and Olga faced led them to strengthen their ties, support each other and enjoy what they were living. Cesar and Olga elaborate on this.

CESAR: From that our relationship was multiplied by a thousand [expression to say that the relationship improved a lot]. (Cesar interview, paragraph 19)

RESEARCHER'S NOTES: They support each other and enjoy the experience.

OLGA: Sometimes we went to deliver two hours from here, but we always tried to make it fun. (Olga interview, paragraph 37)

In this factor, Cesar and Olga also emphasise some negative impacts the family business has had on them. They mentioned the stressful nature of their work. They mentioned that it was a

very demanding activity that takes a lot of time. The following comment gives insight into how demanding their work was and how they felt about it.

OLGA: Cesar had to go to Sydney driving one of the trucks, and when he came back he had to work at the computer, check the customers and start to look for more work and going on the truck again. It was very hard for him. (Olga interview, paragraph 40)

CESAR: That idea came because I believe that the furniture shop business is trapping Olga and she is becoming a slave [expression to say it is stressful and time demanding]. (Cesar interview, paragraph 37)

***Family ability to adopt the new culture:*** Due to the family being immigrants, the ability to adopt a new culture appeared to be a relevant factor in this case. Cesar was born in Chile but culturally he was closer to Australia. He had lived in this country for more than 25 years before he returned to Chile in the 1990s. In fact, for Cesar, it was not easy to adapt to the Chilean culture when he returned. This background was a disadvantage to his success in Chile, but it was critical for achieving a positive experience for their family/family business in Australia. Conversely, Olga had many cultural disadvantages when they came to Australia. She did not speak the language and had no previous experience either living or working in a foreign culture. However, it was not a problem for her to adapt to the new culture and contribute to achieving her family's goals. The following comments show both Cesar's and Olga's ability to adapt to a new culture.

CESAR: I arrived in Chile with few [economic resources] but I had a lot of motivation to do something different. I fell in love with Chile, but I did not understand the system. Rather than adapt, I wanted everyone to follow the Australian way. (Cesar interview, paragraph 13)

OLGA: For me everything was different, I did not speak English, I did not know the Australian rules [the laws to run their business] ... but today I am happy, I feel happy because I see the result of years of work. (Olga interview, paragraph 7)

***Relevant threat to the family business:*** This factor was only highlighted by Cesar. He believed the market conditions had changed and it represented an additional problem, mainly for their removal business. The narrative about the environmental forces behind the family business was almost not mentioned, but it was the exception. Importantly, the difficulties in finding skilled workers and the drop in the prices they can put on the service were given as some of the reasons for them to leave this business. Accordingly, it was an important factor explaining a

disinvestment decision, which was considered evidence of entrepreneurial behaviour. Cesar elaborates on this:

CESAR: I want to sell the removal company as a 'combo' [expression to say he wants to sell the whole company], as a business that is working, because it has good profits. There are three reasons (())<sup>16</sup>... (Cesar interview, paragraph 8)

CESAR: ... is extremely difficult to find the people [skilled workers], we put up advertisements every week and we look for different ways, but finding people for this business is hard ... (Cesar interview, paragraph 8)

RESEARCHER'S NOTES: There several other important reasons supporting this decision but these are the two related to this factor.

CESAR: ... the industry is now in a way that we cannot ask the price we asked two years ago, we have to ask much less. (Cesar interview, paragraph 9)

***Family business performance:*** This narrative gives information about those moments when the family business was growing fast (better performance) and those moments when the business was functioning below what they expected (weaker performance). The next comment gives an example of the last.

CESAR: At this moment we have been growing below our potential, our family business growth does not have the speed it had. (Cesar interview, paragraph 19)

Importantly, the narrative relating to the lower performance covered the last few years.

Most of the family owners' discourse supported the idea that the family business performance had been strong most of the time. Cesar elaborates on this.

RESEARCHER'S NOTES: Cesar explains the reason for their current lower performance. The comment also provides evidence about the positive result they have had most of the time.

CESAR: We are taking a break at this moment, from November last year, because we have been working hard [and successfully] for the last nine years [and also because of the health problems Cesar and Olga had faced lately]. (Cesar interview, paragraph 19)

#### **4.2.4 Miller family business case discussion**

The findings discussed above offered insights into the entrepreneurial behaviour of this family business, the drivers motivating the decision making (socioemotional wealth drivers) and the family/family business context supporting the family business behaviour. Other factors gave information about the family business performance and the impact the entrepreneurial activity

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<sup>16</sup> The symbol (()) is showing the conversation was interrupted at this point.

had on the family context. In this section, a contextualised explanatory theorising framework for this case is discussed. It puts together the findings presented above and also analyses the causal relations among the factors identified in this case. The theorising framework was built based on the analysis of the five key patterns discussed below. Figure 4.2 summarises the main findings obtained from case 1.

**(i) Single-case pattern C1.1<sup>17</sup>: The drivers of socioemotional wealth can be at the family level as well as at the business level**

This case allowed the identification of twelve socioemotional wealth factors driving the strategic decision making in this family business. For example, the case analysis showed the family business owners were willing to lose economic benefit to keep the family united, avoid family conflicts or impose family values on the family business management. Accordingly, these factors were considered to be the drivers of socioemotional wealth behind the entrepreneurial behaviour of this family business. Seven factors were labelled as family priorities, and showed the source of this socioemotional wealth.

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<sup>17</sup> SCP: (Single-Case Patterns) describes the patterns found in the within case analysis of each family business.

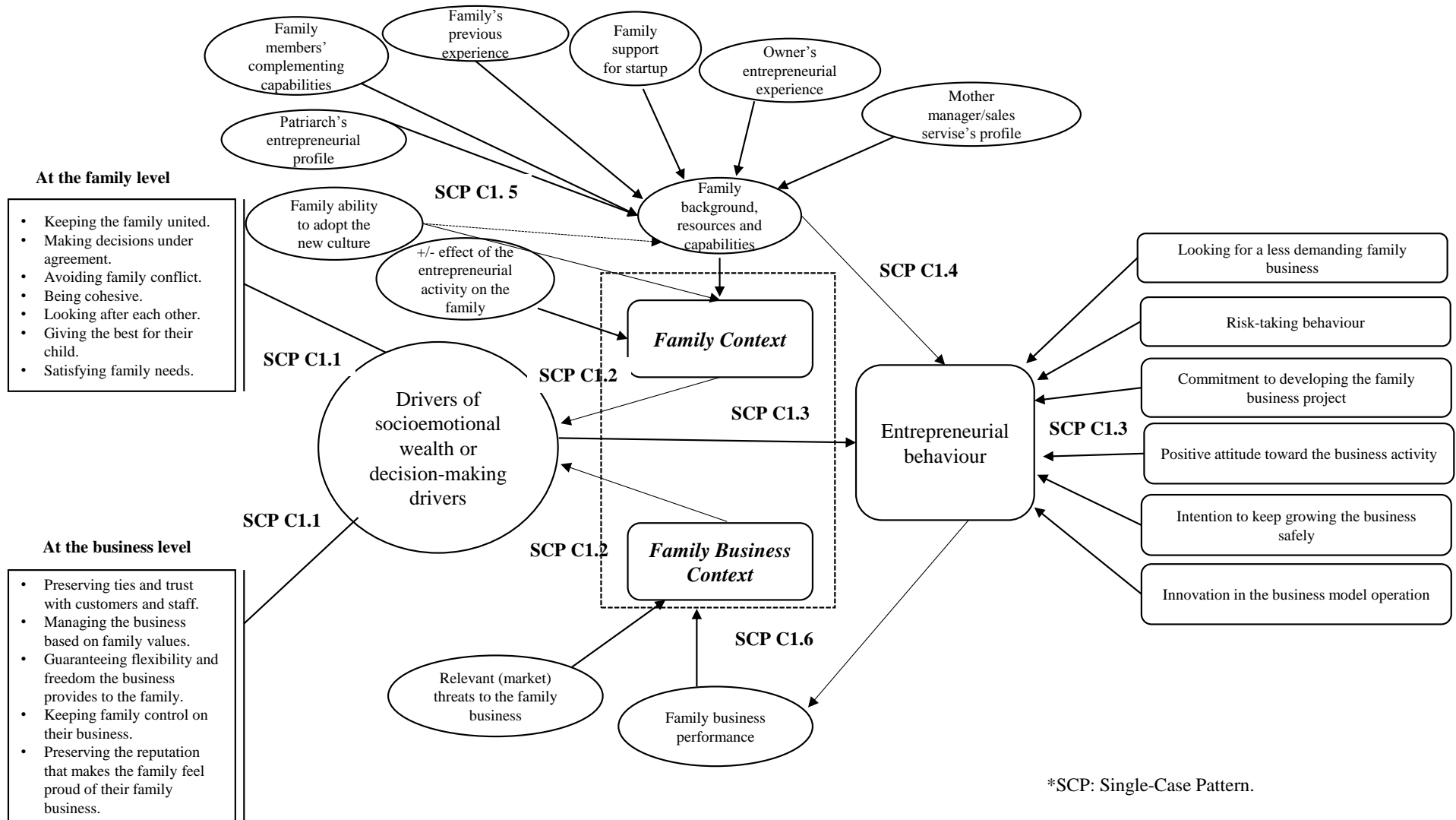


Figure 4.2: Case 1 theorising framework

**(ii) Single-case pattern C1.2: The family/family business priorities change as a response to the changes in the context**

In this case, some of the factors describing the relevant context were labelled as the family background, resources and capabilities, and additional factors. Some of these factors (those including on family background and capabilities) were considered part of the family structure under which the family entrepreneurial activity was built. Few changes were observed in the factors showing the family background and capabilities. However, the better financial position the family business reached, the emergence of relevant threats for the family business as a consequence of increasing competition in the removal business, and the positive and negative effects of the entrepreneurial activity on the family introduced important changes in the business and in the family context. These changes explained the variation in the level of relevance each family/family business priority had. So, for example, the most important change in the family context detected in this case was the health problems faced by the family business owners. Also, changes in the removal market (hard to find skilled workers and a drop in the prices) led to Cesar and Olga putting less importance on keeping family control of this business and preserving ties with customers and staff. Instead, they focused on looking after each other, being cohesive in the decision making and keeping the flexibility/freedom the business activity gave them.

**(iii) Single-case pattern C1.3: The entrepreneurial behaviour changes over time in response to the changes in the family/family business priorities**

As discussed previously, the narrative described stronger and weaker entrepreneurial behaviour over time. The analysis showed that this change was aligned with the shift in the socioemotional priorities. This case showed strong entrepreneurial behaviour most of the time; however, when the family context changed (i.e. the health problems discussed in the previous section), their priorities also changed and their entrepreneurial behaviour became weaker. Most

of the time, Cesar and Olga showed a positive attitude and a high commitment to developing their family business. They took important risks and introduced innovation into their business activities. However, from the moment the family problems appeared, they focused on looking for a less demanding family business, taking controlled risk and growing the business safely.

**(iv) Single-case pattern C1.4 and C1.5: The family background, resources and capabilities were critical for this family's entrepreneurial activity. Cultural adaptability is also a family capability**

These two patterns are related to the family business context. As mentioned, the factors forming the family background, resources and capabilities were identified as part of the family context. However, the analysis also emphasised the critical role they played in the family business startup and then in successfully developing it. Without Cesar's family's economic support, their entrepreneurial dream would have been harder. Cesar's previous experience developing a business in Australia was also critical. The fact that he spoke the language and understood the system were huge strengths, which give them the confidence and courage they needed. Importantly, the positive attitude shown by Olga toward adopting a new culture, overcoming her communication problems and complementing her husband's entrepreneurial spirit were also seen as critical for their entrepreneurial success.

**(v) Single-case pattern C1.6: Entrepreneurial behaviour shapes the business performance and impacts on the family/family business context**

This family business performed well most of the time. Economic problems were mentioned but they occurred before the business began its operation. Thus, it was observed that the good business performance had been aligned with the strong entrepreneurial activity already discussed. During the last few years, the entrepreneurial behaviour has been below the owners'

expectations, but the family business has reached a strong and healthy financial position. Similarly, the strong financial position has shaped the family business and the family context. It was not only considered to be part of the family business context itself, but was also seen as a positive effect of the entrepreneurial activity that allowed them to have more time and resources to satisfy the family's needs.

#### **4.2.5 Miller family business case overall conclusions**

Overall, most of the factors identified in this case were closely related to the theoretical background discussed in Chapter 2. For example, in terms of the socioemotional wealth construct, the case confirmed the priority the family business put on binding social ties and keeping family control/influence over their business. However, this family business did not emphasise dynastic succession, which was expected to be an important driver of socioemotional wealth. Otherwise, new issues were also highlighted. The case analysis emphasised the fact that socioemotional wealth could be created at the family and the business level, offering new factors to define the core constructs of this research and showed new potential links among them.

### **4.3 Guerra family business case (GFBC)**

#### **4.3.1 Case description**

##### **(i) Case introduction**

This small/medium-sized enterprise (SME) is a third-generation family business from Chile. Today, it consists of a three-star hotel and several real estate investments. The enterprise is managed by Pedro, a 40-year-old grandson of the founders, but the ownership control is in the hands of his father, uncle and aunt. Pedro joined the family business in 2005. By 2008, he was named general manager. His mission was to rescue the family business from the worst crisis in its history and avoid bankruptcy. Today, the family business is stable from a financial point of



view and the challenge is on how the future will be faced. Table 4.4 summarises the general information about this family business.

**Table 4.4: GFBC general features**

Cultural Identity	Size	Proxy Sales	Number of Workers	Industry	Established	Family Ownership	Managed By	Family Members Involved
Chilean family/ Chilean business	Small/ medium	AU\$600 thousand	12	Hotel and real estate investment	About 1942	100%	Third generation	4

### **(ii) Family members and their relationship with the family business**

Samir and Maria settled in Chillán-Chile in the year 1940 to start up their family business. They had five children, but only Celso was involved in the business activities. He became the main owner and manager of Casa Guerra<sup>18</sup> at the beginning of the 1990s and remained in this position until it was sold in 1998. Later, he was very important in supporting his mother's work in the family hotel. The three brothers and sister focused on developing their own professional careers; however, they stayed connected with the business as owners and because of their family commitment. From 2005, Pedro was the only family member from the third generation who has joined the family business.

### **(iii) The family business history**

This family business was started as a tailoring business by Mr Samir Guerra<sup>19</sup> in the 1940s. Later, the enterprise evolved into a retail business named Casa Guerra. For more than 50 years, it was the core business on which the Guerra family developed a portfolio that included farms and real estate investments. The family hotel was started in 1973, and was improved twice. The whole project was finished by 1998 and consisted of a 40-room hotel and a commercial centre with more than 15 shops for rent. A couple of years earlier, Celso took control of Casa Guerra

<sup>18</sup> The most important unit of this family business portfolio at this moment.

<sup>19</sup> He was a tailor.

and the mother kept the hotel. As mentioned above, years later Casa Guerra was sold and a similar decision was made about the farms the family used to run. By 2004, the matriarch was not able to keep running the business and it fell into crisis. Her children tried to take control and Celso was asked to become hotel manager, but he could not recover the family business from its bad financial position. The business hit the bottom years later and the family considered selling their business, but Pedro, who had already shown his management abilities, was named the new family business leader in 2008.

**(iv) The current scenario and the decisions they are facing**

Pedro recovered the family business and today it is out of risk. The hotel became the pivot for new businesses such as a restaurant and the production of events. The current family discussion is on how to ensure a fair rent for the owner, family business continuity and the flexibility for Pedro's decision making.

**4.3.2 Background data and reflections on the case data collection**

The case analysis is based on the data collected from several sources. Four people from the family business participated in the interviews and were critical through the whole data collection process. Accordingly, their backgrounds are presented in Table 4.5.

**Table 4.5: Interviewees' background data**

<b>Name<sup>20</sup></b>	<b>Family Role</b>	<b>Family Business role</b>	<b>Age Group</b>	<b>Relevant Background</b>
<b>Pedro</b>	Grandson of founders.	Hotel general manager <sup>21</sup> .	40s	College studies in management. Professional experience in a bank.
<b>Hector</b>	Oldest second-generation brother. Pedro's father.	Family business counsellor. Manager of the family real estate investment.	70s	He is a dentist, but he took part in building the hotel. As the oldest brother, he plays a central role in the decision making. Accordingly, his experience is his relevant background in the decision making.
<b>Pedro-Pablo</b>	The youngest second-generation brother.	Family business counsellor. Important role controlling Pedro's management.	60s	College studies and Master in Economics. He has important experience working in public and private organisations.
<b>Eduardo</b>	NFM <sup>22</sup>	He was the hotel manager in the 2004 transition. Currently he is still working with the family as the succession external accountant.	40s	He has college studies in accounting, but his most relevant background for this case is his knowledge of the family and the business for more than 10 years.

The data collection in this case involved spending almost four weeks in Chile and collecting secondary information before and after this period. Accordingly, the whole process to obtain the information about this firm was much longer, but the time in Chile was very important, as the researcher was able to be close to the interviewees to create an atmosphere that guaranteed non-biased data. It allowed for formal and informal sharing with several family business members, which generated the necessary trust for the data collection. Importantly, the interviews were the most critical source of data, because social meetings and the family council were not allowed to be recorded. Hence, the interviewer's reflections about each of them are presented in Table 4.6.

<sup>20</sup> All names reported in this case study are pseudonyms.

<sup>21</sup> The category of general manager has the role as the main decision maker in the family business; the hotel in this case.

<sup>22</sup> NFM: Non-family member. In this case, he was interviewed because of his family knowledge for more than 10 years. Further he was in charge of the hotel when it faced its most critical moments.

**Table 4.6: GFBC interviewer’s reflections**

Interviewee	Interviewer’s physical condition	Interviewer’s frame of mind	Description of the interview dynamics
<b>Pedro</b>	Excellent. The interviewer felt comfortable and confident during the interview.	The interviewer felt confident as Pedro was completely honest about what he was telling me.	It was planned after an introductory interview following the interviewee’s agenda. The interview started on time and went according to plan. During the 75 minutes of interview, Pedro answered the questions, but it also became an open conversation.
<b>Hector</b>	Excellent.	The interviewer felt a bit more nervous because only a short time was allowed for the interview. However, everything was perfect and above expectation.	This interview was probably the hardest to organise, because of Mr. Héctor Guerra’s agenda and because of his health problems. It was a 50-minute interview. It took place at the interviewee’s house. Conversation was open and honest.
<b>Pedro-Pablo</b>	Excellent. Nothing important to report.	Confident the process was going according to what had been planned.	Organising this interview was not easy because Mr. Pedro-Pablo does not live in Chillán. The interview took place at the family hotel. It extended for one hour.
<b>Eduardo</b>	Excellent.	Calm and expecting he would give a completely different insight in this data collection process.	This interview was not planned. However, Pedro recommended a conversation with Eduardo. He had wide knowledge of the family and the business. Importantly, he was working with the family during the hotel’s most difficult financial moments, the death of the matriarch and Pedro’s involvement in the business management.

### 4.3.3 Guerra family business case findings

The information about this case was codified and analysed to determine the critical factors behind the family business decision making and how it impacted on business behaviour. Based on the literature review, but not denying new insights, the factors were grouped into themes. They provided information about the evolution of the family profile during this organisation’s trajectory, the family priorities, the family business priorities when decisions were made, and the entrepreneurial behaviour of the family business. The interviewees’ narratives also gave light to four non-related factors in the business behaviours and also shed light on the performance of this family business. For details about how these factors were grouped in this case, see Appendix 4.2. Following is the analysis of each of the aforementioned themes and the most quoted factors.

**(i) The profile of the Guerra family as the context to understanding socioemotional priorities and business behaviour**

The case provided a lot of information about the family business and family members' profiles. It showed the evolution of the family vision, motivations and values over time. The narrative about this theme was grouped into seven factors that were considered critical to understanding the context under which this family has managed their business. These factors are the founders' complementing profile, the lack of interest of most of the second and third-generation family members in being involved in the business activity, the ability of the family/family business to start up business based on their know how, the strong third-generation family business manager profile, the weak second-generation family business manager profile, the lack of long-term vision and the family's ability to develop business based on their networking. For further information about the codes forming each factor see Appendix 4.2a. In the following section, the most quoted factors will be discussed.

***Founders' complementing profile:*** The founders have already pass away, but according to the family members' narrative, the complement in their personalities was critical for the successful development of their family business. They emphasised Samir's entrepreneurial personality and Maria's management ability. On the one hand, Samir was described as the one with the ideas who started up the business. On the other hand, Marias was seen as an organised and persevering person who carefully managed the family business finances. Importantly, she had a friendly personality, which was critical in developing strong relationships with workers and customers. Each of them played an important role in starting up and developing this family business. The following comment informs this analysis.

RESEARCHER'S NOTES: The researcher noted the contrasting emphasis between brothers. While Hector highlighted his father's role, Pedro-Pablo emphasised his mother's role. Importantly, overall, both agree.  
HECTOR: My father was a restless person and he undertook many businesses... (Hector interview, paragraph 7)

PEDRO-PABLO: He dared to do things [he was not afraid to take risk] ... but when the business was already working, for example the hotel, she [his mother] managed and controlled the business ... (Pedro-Pablo interview, paragraph 19)

PEDRO-PABLO: ... My mother was very important because my father had a lot of initiative but little perseverance. (Pedro-Pablo interview, paragraph 9)

***Lack of interest in being involved in the family business:*** This factor emphasised most of the family members' lack of interest in taking long-term responsibilities in the family business administration. This was reflected in their lack of motivation to assume management succession. It was a pattern that appeared in the second and third generations. It was observed that the second-generation brother and sister (except Celso), as well as the third-generation children (except for Pedro), had permanently avoided taking long-term responsibilities in the family business. The comment below gives support to these observations.

HECTOR: He [Celso], under pressure from us, took the responsibility [to manage the hotel]. All of us were focused on our own work. (Hector interview, paragraph 16)

PEDRO-PABLO: [when he could take responsibilities in the family business] I was focused on different projects, I was working as Governor. (Pedro-Pablo interview, paragraph 35)

RESEARCHER'S NOTES: The pattern was the same in the third-generation management succession.

PEDRO: When I accepted becoming the hotel manager, I asked them [his cousins] and they were not interested, they were focused on their own projects ... they saw the family business as a "cacho" [very Chilean expression for a big problem]. (Pedro interview, paragraph 57)

***Ability of the family/family business to start up business based on their know-how:*** This factor emphasised the family know how and capabilities being the assets upon which this family business has been built. This family business was an exceptional case for illustrating the importance of family knowledge, family members' personal know-how and the family business tacit knowledge to support the business development over time. A combination of all of these resources could explain, at least in part, the development of new businesses and the ability of the family business to reach the third generation. The next comments support the above analysis.

PEDRO: My grandfather was a tailor. As soon as he learned that work, he started his own tailoring business here in Chillán. (Pedro interview, paragraph 9)

RESEARCHER'S NOTES: The following businesses were developed on the basis of the previous business.

HECTOR: So my father become an entrepreneur and, with time, the main family business was the Casa Guerra. Next to the Casa Guerra was the hotel managed by my mother. First the real estate and then the hotel. (Hector interview, paragraph 11)

The ability of the family business to develop new entrepreneurial activities based on the assets (tangibles and intangibles) they already had was also critical in overcoming its worst business crisis. Pedro used the family hotel platform and the experience they had to develop new services and business. It was critical for improving the family business cash flows and decreasing the dependency of the family business on a single business. The following comments support this analysis.

PEDRO-PABLO: He started to do new business, such as food service. (Pedro-Pablo interview, paragraph 39)

EDUARDO: We were not afraid to take new market niches ... [If customer said] “we will be there 6.00 am, we need a logistic service, food service, we are filming a movie and need this or that”, we were able to solve all their problems ... (Pedro interview, paragraph 78)

RESEARCHER’S NOTES: The strategy was to buy the service they did not have. The knowledge they built on the process is their main asset today.

PEDRO: [Today] I know how to take a business which is working badly ... and I know how to make it profitable in a short time [doing it again with another hotel is part of his long-term vision]. (Pedro interview, paragraph 78)

***Strong third-generation family business manager profile:*** The independence of the third-generation manager in making decisions in this case has been a very important factor in the decision making in the last eight years. Pedro was the first family business manager to have a college career in business and management. It represented an important upgrade in terms of the professional capabilities of the person leading the family business operations. Compared to his uncles and his grandmother, his decisions were much more focused on economic criteria than emotional criteria. He highlighted his high commitment for developing a financially healthy family business, even if he had to make decisions that would create potential problems with the owners, who are still focused on emotional criteria. It was necessary to recover the family business from the position it was in when Pedro became the leader. The comments below inform the previous observations.

PEDRO: I started with a very low salary here. I had the personal commitment of improving the hotel with a high personal cost in terms of austerity. (Pedro interview, paragraph 63)

RESEARCHER’S NOTES: He is confident he is doing the right things; when he knows what he is doing is the best for the business, he just goes ahead.

PEDRO: When I had been in management a while, I decided to improve the salary of the salesmen [and change the way in which they were paid]. I knew it would bring me problems, because they are sometimes old fashioned in business. (Pedro interview, paragraph 63)

In this factor, the family business manager was also explaining his decision-making profile. He had weak emotional ties with the family business. In fact, he accepted the work because he had his first son while he was studying at university. The family business offered the flexibility to fulfil his academic and personal responsibilities. In relation to this, Pedro elaborates:

PEDRO: I did not believe in the family business and I did not like Chillán at that time. I was finishing my career in Santiago [City] and I got a job in JP Morgan. But everything went wrong and I lost the university ... (Pedro interview, paragraph 63)

RESEARCHER'S NOTES: At the same time he had news that changed his priorities.

PEDRO: At that time, with my partner we had a son, so I needed to do something ... I was 29 years old, I was not working, I was studying, so I needed to do something while I kept studying ... thus I started to work at the family hotel when the opportunity appeared [became the manager]. (Pedro interview, paragraph 63)

***Weak second-generation family business manager profile:*** As well as the previous factor that emphasised the strong profile of the third-generation family manager, this factor highlighted the weak profile of the second-generation family business manager. He was described as having a low commitment and lack of motivation for family business management. Pedro and Hector commented on this:

PEDRO: My uncle [Celso] was a very special person. He did not have much commitment to the hotel. So he came once a day, he arrived at 1.00 pm, then he just checked how everything was and then he left. (Pedro interview, paragraph 21)

RESEARCHER'S NOTES: Hector has the same opinion as Pedro.

HECTOR: Celso took the hotel as an obligation, but he gave it one hour per day. (Hector interview paragraph 16)

HECTOR: He [Celso] was the person in charge of the hotel. As he had no interest in it, he was the one who proposed selling it. (Hector interview paragraph 25)

As happened with Pedro, these negative features were explained by the contextual events surrounding his role as family business manager. He assumed this position as a consequence of his failure as a commercial pilot and because he was the only child in the family who did not get a college education. Family members believe that it explained his lack of vocation and motivation. Hector elaborates:



HECTOR: He [Celso] was pilot of civil aircraft. My brother wanted to be a professional pilot. In fact, he was working at an international airline. But it was finally unsuccessful... (Hector interview, paragraph 25)

RESEARCHER'S NOTES: The same was also mentioned off record by other family members.

HECTOR: ... So he had to work in the family business because he was the only one who did not go to university, but he never had a vocation as an entrepreneur. (Hector interview, paragraph 25)

## **(ii) Guerra family business: Drivers of socioemotional wealth at the family level**

In this case, six factors connected with the family level were identified as the priorities behind the business decisions. These factors (family priorities) were considered to be the drivers of the socioemotional wealth the family looked to preserve when they made decisions. Thus, the priorities that the Guerra family emphasised were to support the family goals, preserve the communication among family members, avoid conflict among family members, preserve the son's welfare and reputation, priority in fairness with the family, and to support and protect the other family members. For details about the codes forming each factor see Appendix 4.2b. The analyses of the three most quoted family priorities in this case are presented below.

***Supporting the family goals:*** This factor emphasised the family cohesion behind the business as a common project where they support each other. The family business was seen as the provider of basic economic support for the family members, ensuring that their own needs and goals are met. Hector elaborates:

HECTOR: Logically we had to have a family base [they saw the family business as a base of economic support]. (Hector interview, paragraph 19)

It was not seen as a source of economic wealth maximisation. In fact, Hector and one of his brothers took part in a business project to support their family, but without expectation of economic return. They raised loans and committed time although they had their own careers that were not related to the business. Thus, this factor highlighted the altruistic aim of supporting those they loved.

HECTOR: When I got my cardboard [expression to talk about getting a profession] as a dentist, I came back to Chillán and supported my father a lot to build the hotel. As the oldest brother, it was my responsibility. (Hector interview, paragraph 14)

RESEARCHER'S NOTES: He got important support from one of his brothers.

HECTOR: The money was gone and we [he and his brother Clemente] had to ask for personal loans [to finish the hotel]. (Hector interview, paragraph 16)

Overall, this factor was an important family priority. Accordingly, the case provided examples on how the founders' children worked at the family business as a way to support their parents. The family members also talked about the family teamwork among parents, children, brothers and sister. The following comments support the analysis above.

HECTOR: The family business started with the Casa Guerra, it was teamwork between my parents. (Hector interview, paragraph 11)

RESEARCHER'S NOTES: Pedro-Pablo commented on his participation in the family business. Today he is one of the family members who has the most influence on the family business decision making.

PEDRO-PABLO: I helped in that business in the 1980s. I also helped him with the farm. (Pedro-Pablo interview, paragraph 11)

***Preserve the communication among family members:*** The narrative behind this factor showed the family priority for maintaining healthy communication. It was a priority and a family business strength when the founders were alive. The narrative highlighted the strong intergenerational communication between the founders and their children. The interviewees' discourse indicated that this priority was important and strong. Researcher observation and the interviewees' discourse support this analysis:

HECTOR: My father talked with me about his project and his dreams. Logically he involved me in that because I was the oldest child. (Hector interview, paragraph 7)

RESEARCHER'S NOTES: Non-recorded conversation (social gathering) showed other common interests that put family communication as a priority among them. For example, the interest in flying. Three brothers and the father were civil pilots.

An important change in this priority was observed. It has been replaced by the priority to avoid family conflict. The observations of this family indicate that this change may be due to Pedro's personality and the different views the two generations have on the family business. The following comments support the analysis above.

HECTOR: That is the problem, my son is the kind of person that does not share too much [does not talk], he never says anything, he is very introverted and I do not know why. (Hector interview, paragraph 37)

RESEARCHER'S NOTES: It was observed they did not have communication problems as a family but they avoid talking about the business.

HECTOR: I had a problem with my child [conflict created as a consequence of the different views they had on the family business] ... what he said really hurt me, at that moment I stopped giving my opinion. (Hector interview, paragraph 39)

PEDRO-PABLO: We try to leave him [Pedro] to make decisions by himself. We should have more influence as a family council. (Pedro-Pablo interview, paragraph 13)

***Avoid conflict among family members:*** As was mentioned above, avoiding conflict among family members appeared to be one of the most important priorities for this family. It was observed they had a healthy family relationship and a lot of respect for each other. Hence, it was something they would like to preserve. This was emphasised by Hector in terms of the relationship he has with Pedro. On this Hector said:

HECTOR: At least from me ... I will have the tolerance to understand anything from him. I will do anything before I have a dispute with my son. Because of that I avoid giving him my opinion on the family business. (Hector interview, paragraph 39)

This factor was mentioned as a priority by all the family business members the researcher met. Also, the narrative showed the three generations have always given priority to keeping a good family relationship and avoiding hurting their siblings' feelings. Overall, avoiding family conflict, respect for the matriarch figure and avoiding conflict with her were the most frequently mentioned codes in this factor. The priority in the family is harmony and respecting the opinion of the family member who is working in the family businesses. The following comments inform this observation.

HECTOR: I trust God will support us and things will always be in harmony. (Hector interview, paragraph 39)

RESEARCHER'S NOTES: For Celso, the second-generation manager, avoiding conflict with his mother was something that made his management harder. However, it was the priority, according to Pedro's interview.

PEDRO: [when he wants to make business decisions] ... so he could have conflict with my grandmother. It was difficult for him because my grandmother was alive and he did not like to go over her [authority]. (Pedro interview, paragraph 59)

PEDRO-PABLO: Here we had a matriarch. It was my mother who decided what the family business had to do during the last 20 years. I believe that was hard for Celso, because he always respected her [avoiding conflict with his mother was a priority]. (Pedro-Pablo interview, paragraph 29)

### **(iii) Guerra family business: Drivers of socioemotional wealth at the business level**

In this case, five factors were identified as the priorities behind the decision making at the family business level. These socioemotional priorities were not exactly the same in the three generations of this family business. They changed as the family and business context evolved. Overall, the interviewees' narratives and the researcher's observations highlighted the priority this family business has put into preserving the family business and family members' reputation, preserving the family heritage (tangible and intangible), keeping control of the family business, leaving the family business to the next generation, and keeping close ties/commitment with workers. Appendix 4.2c shows the codes related to each of these factors. Discussion of the three most quoted family business priorities in this case follows.

***Preserving the family business and personal reputation:*** This factor emphasises the priority the family business owners and manager put on preserving their business and personal reputation. They expressed concern about the opinion the rest of the family could have of them, and they were also worried about the reputation the family business had in its community. Thus, they tried to be fair and transparent in any decision they made. The interviewees' discourse provided many examples about the priority they put on fulfilling their financial commitments, even supporting the business with their personal funding. The family business members made the following comments:

EDUARDO: Even after their mother passed away, they had to put money into the hotel. I do not know if they do it because of reputation or maybe it is just the way they are. They did not like to take advantage of anybody ... (Eduardo interview, paragraph 54)

EDUARDO: Never, even at the worst financial moment, did they stop paying their debts ... sometimes they had to put in additional money [personal additional funding] ... but they were always very careful on that. (Eduardo interview, paragraph 54)

PEDRO: I know if tomorrow I leave the family business, the name [the family business name] is still here, the hotel is still here. (Pedro interview, paragraph 96)

RESEARCHER'S NOTES: The priority they put on preserving reputation was also observed by the researcher in the social gatherings and non-recorded conversations.

***Preserving the family heritage (tangible and intangible):*** This factor showed the relevance given to preserving the family welfare obtained from the family business. That means not only the economic benefit, but also the non-economic wealth, such as the emotional attachment the family members have to the business. The narrative on this factor was informative, both directly and indirectly. Most of the time, the family business members did not directly express this priority, but they acknowledged their fear that Pedro may fail or take too high a risk in managing the family business. The following comments inform this observation.

PEDRO: I am very limited in taking risks because I am playing with their capital, not with mine. (Pedro interview, paragraph 88)

RESEARCHER'S NOTES: They evaluated the option of selling or renting the family business when it was facing huge financial problems, but they prefer to keep it. It was seen as a tangible expression of this priority.

HECTOR: Really when that option was proposed [to sell the hotel] I thought after that huge construction [think for a while] ... I said no... so I proposed looking for a good manager. (Hector interview, paragraph 25)

RESEARCHER'S NOTES: Eduardo mentioned an example showing how emotional considerations biased the decision of selling the hotel.

EDUARDO: When I said emotional I mean ... when they were making decisions they said "if I come to Chillán where will I stay"... and they said "we put in such effort when we built it", so finally the emotional considerations played a critical role. (Eduardo interview, paragraph 20)

***Keeping control of the family business:*** This factor emphasised the owners' priority on keeping family control (management and ownership) over their family business. The narrative showed both the owners' efforts to keep control of their business and the manager's complaints about the lack of independence he has for making decisions. The fact that this family business is wholly owned by a single family provides evidence of this priority. Furthermore, family members were also clear about stating that a non-family manager has never been an option for them. The following comments support this analysis.

HECTOR: But that is what I see, his advisors [non-family staff who influence Pedro's decisions] ... I expect he leaves out some of them, I really do not like them. (Hector interview, paragraph 39)

RESEARCHER'S NOTES: Pedro has also expressed his aim of having more independence to make decisions. That means more control of the management decisions.

PEDRO: I believe they would be happy and I would be less stressed if I keep away from the real estate ownership. I would never look to be the owner. But I would like to be the owner of the business execution. (Pedro interview, paragraph 69)

#### **(iv) Guerra family business entrepreneurial behaviour**

This case showed the changes in the entrepreneurial behaviour of the family business through the three generations who have managed this enterprise. It was stronger when the family business was managed by the founders and then when Pedro was trying to rescue it from a strong crisis, but it was weaker during the second-generation management. Five factors provided this information. These factors were the slow speed of implementing changes and making business decisions, the investments and development of new businesses, the risk-taking behaviour, the tendency to manage the family business on a daily basis and the operational improvement implemented in the business activities. Appendix 4.2d shows the composition of each factor. Analysis of the three most quoted entrepreneurial behaviours follow.

*Slow speed of implementing changes and making business decisions:* Most of the narrative behind this factor was talking about the transition from the first to the third generation. It involved events related to the two transitions and the second-generation management. Overall, the factor highlighted weak entrepreneurial behaviour. It emphasised the slow and non-planned management successions, the slow decision making and the problems in implementing changes because of emotional reasons. This factor also emphasised the shift in the normal behaviour the family business had, in terms of the speed of implementing changes when the business continuity was severely threatened. For example, a very close worker was fired because it was necessary to change the extremely bad business position. The same pattern was observed in implementing management successions, especially from the second to the third generation. Thus, this factor shed light on the conservative behaviour of this family business in making decisions and implementing changes. However, it also showed that even conservative family businesses like this can change their normal behaviour at critical moments. The process of Pedro becoming the family business manager is a good example to support the above analysis.

PEDRO: In 2004 I came to Chillán and probably in 2005 or 2006 I started to work here, but only part-time. I took on the responsibility of a special project to improve the [hotel] seasonality. (Pedro interview, paragraph 36)

EDUARDO: When everybody agreed that the hotel must be closed and were waiting to see if someone was interested in renting it, Hector proposed Pedro ... (Eduardo interview, paragraph 29)

RESEARCHER'S NOTES: The final decision was taken at the most difficult moment in the family business history. It gave him flexibility and the ability to make changes and minor innovations.

EDUARDO: ... that was very good because he had the only responsibility to recover the family business. He already knew the business and everybody was tired, they did not want to come to business meetings. (Eduardo interview, paragraph 29)

***Investments and developing new business:*** Two specific moments in this family business history were related to the development of new business and the most intensive investment. The first of them was under the founders' management. They started the family enterprise from zero and developed a portfolio of businesses. But then when the patriarchs (the father) was no longer able to keep managing the family business, these activities became weaker. Pedro-Pablo mentioned that from the moment his father passed away, the family business stopped its growth. There was another instance of intensive investment and development of new business when Pedro became the family business manager and he had to avoid the bankruptcy of the family business. If Pedro had failed, the family business would have been sold. In this context, the third-generation family manager implemented the most important changes the family business has had during the last 15 years. Pedro and his team developed a new business model for the hotel, opened new markets and started up a new business based on the hotel platform. The following comments support this analysis.

PEDRO: ... [His grandfather started with a tailoring] after that my grandmother opened a small shop. Later they put together both businesses and Casa Guerra was born. That was a business where customers found everything ... (Pedro interview, paragraph 11)

PEDRO-PABLO: They had several businesses. My mother's shop and the tailoring formed Casa Guerra. After that, with the money they saved, my father bought the site of the shopping centre from my godfather and that was the origin of the hotel. (Pedro-Pablo interview, paragraph 12)

RESEARCHER'S NOTES: The second strong instance of entrepreneurial behaviour was led by Pedro.

EDUARDO: ... the main business was the hotel, but we provided other services, which gave a spread of incomes. From then the hotel started to grow; in fact most of the income today comes from the other businesses, not the hotel. (Eduardo interview, paragraph 61)

***Risk-taking behaviour:*** The ability to take risks has been closely related to entrepreneurial behaviour in the literature. In this case, this factor highlighted the divergent willingness to take risks between the second-generation owners and the third-generation manager. Because of this, Pedro, his aunt and uncles were trying a new mechanism for functioning. To implement it, Pedro rented the hotel. It allowed him to gain flexibility in the decision making and for the owners to keep their heritage out of risk. However, Hector did not agree with this, and there are plans to revise this mechanism. This situation not only showed the different risk behaviour between them, but also showed the differences in term of the priorities that impacted on this behaviour. Hector was not thinking about economic risk, but rather was focusing on protecting his child from failure. Pedro and his father comment on this.

PEDRO: One of the most important reasons why I preferred to rent the hotel [instead of working as an employee] was because of the risk taking ... I explained to them that it would give me the possibility of implementing new projects and for them to keep their heritage out of risk. (Pedro interview, paragraph 84)

RESEARCHER'S NOTES: The owners were too averse and stopped Pedros' strategic decision making.

HECTOR: Pedro has always been looking to build a big construction here and we had stopped him. I do not agree; I believe [the hotel] has to keep improving and positioning what we have now, but slowly. (Hector interview, paragraph 41)

HECTOR: [about the fact that his son is renting the hotel] When the year finished we will evaluate and logically I want to protect my son. I want everybody to be safe. If the family business provides a good profit everybody wins [if things go badly they also share], but I do not agree about the fixed amount. (Hector interview, paragraph 25)

#### **(v) Additional factors mentioned at the Guerra family business**

Some additional factors appeared in this case. Two of them highlighted events and behaviour related to the strong crisis this family business had faced. This situation was expected because of the major impact it had on the family business. The family business members' discourse emphasised the poor management practices that led to the company facing a serious crisis and the strategies implemented to manage it. The case narrative also provides insight about the performance of the family business at different moments in time and the mechanisms behind the family members' tendency to compensate economic cost with socioemotional benefits when



making decisions. Appendix 4.2e provides information about the codes forming each of these factors. In the following section, the three most quoted factors under this theme will be analysed.

***Poor management practices that led the family business into a serious crisis:*** These factors highlighted what the family members observed they were doing wrong in terms of management practices when the family business hit the bottom. The family business members mentioned the lack of clear leadership in the decision making, the lack of control of the business process and the lack of trusted information to make decisions as some of the consequence of these practices. The following comments inform the above analysis.

PEDRO: At that time, the hotel was very slow [low sales], everything was a mess, lack of management and people [workers] stealing too. (Pedro interview, paragraph 28)

RESEARCHER'S NOTES: Further support is given by Pedro-Pablo.

PEDRO-PABLO: That happens when nobody in the family business is watching the details. We used to ask Pedro what the business balance was to know if we had lost money. (Pedro-Pablo interview, paragraph 33)

***Strategies to manage a strong business crisis:*** This factor shows the strategies implemented to face the strong crisis that was threatening the continuity of the family business. The behaviour of the family when facing this crisis not only confirmed the information provided by the literature review, but also provided relevant additional insights. When the problems started, they tried to adapt and change to keep running the family business the way they always did. However, when problems were out of control, the family business owners sold the most important business they had at that moment. The sale of Casa Guerra did not mean the total loss of the socioemotional wealth the family business provided them. On the contrary, with this, they removed a tumour that was becoming a threat to the entire company. Pedro-Pablo elaborates on this.

PEDRO-PABLO: When sales started to go down, we tried with other businesses to improve sales [he is not clear explaining what business they did] ... but the problem was how to control that business [it did not work]. (Pedro-Pablo interview, paragraph 15)

RESEARCHER'S NOTES: Finally the family business was sold.

PEDRO-PABLO: Finally, in the late 1990s we decided to close Casa Guerra. Then we rented the building for a long time. We received a very good rent and the main business started to be the hotel where my mother was the manager. (Pedro-Pablo interview, paragraph 13)

Later, when the family hotel went into crisis, the decision making was not the same. At that moment, the context was different, as the family hotel was the last business unit they still had, Hector had become the family leader and Celso had less power in terms of the family business ownership. Under these conditions, selling or renting the family business was a reasonable action, but it would have resulted in the total loss of the socioemotional wealth they obtained from it. Thus, as opposed to the strategy they followed when the crisis started, they made new capital contributions and implemented drastic changes to save the company. The following comments inform this observation.

PEDRO: [when the hotel was in crisis] they tried to sell the hotel, they made a folder with the information and showed it. They offered and put a price on it with two options: sale or long-term rent. (Pedro interview, paragraph 40)

HECTOR: We tried to look for a good manager, we tried to rent the hotel, but we never completed that. Finally, we found the right person, so my son took the responsibility. (Hector interview, paragraph 25)

RESEARCHER'S NOTES: Eduardo gives additional information.

EDUARDO: So what happened, the owners decided put in a large amount of money to pay all the debts and try to float the hotel. (Eduardo interview, paragraph 9)

***Performance of the family business:*** Similar to some of the previous factors, the narrative here provided insight into the performance of the family business at different points in time. This factor showed the poor performance produced as a consequence of the crisis this family business faced, but also expressed the better performance before and after those difficult incidents. The following comments are some examples that support the last observations.

HECTOR: My mother managed the hotel very well. She did it in her own way [and she did very well]. (Hector interview, paragraph 21)

PEDRO: When my grandmother become ill and the business started to go down ... she managed the hotel many years in that way [she was very ill]. She put in a lot of effort, but was not very efficient. (Pedro interview, paragraph 15)

RESEARCHER'S NOTE: The third-generation management represent good performance.

EDUARDO: When Pedro became the manager, the first year we did not lose money [things started to go well]. After the first year the first dividend was paid. (Eduardo interview, paragraph 59)

#### **4.3.4 Guerra family business case discussion**

This case was particularly revealing because it allowed analysis of the family/family business priorities behind the decision making and the organisational behaviour when the

business continuity was severely threatened. It was a particularly interesting setting for this study. The data collected in this case showed the whole process of the decline of the family business and how they overcame this difficult scenario. It offered insights into the critical constructs this research focuses on. It also provided new ideas that allowed improvement in understanding the family business behaviour and made progress in the socioemotional wealth theory. The discussion below shows a theorising framework that informs the most critical patterns observed in this case. The model puts together the factors analysed above and explains the causal relationship between them. This contextualised explanatory framework emphasises the contextual reasons that put this family business continuity under threat and how this impacted on the socioemotional wealth priorities and the business behaviour. Figure 4.3 summarises the main case findings.

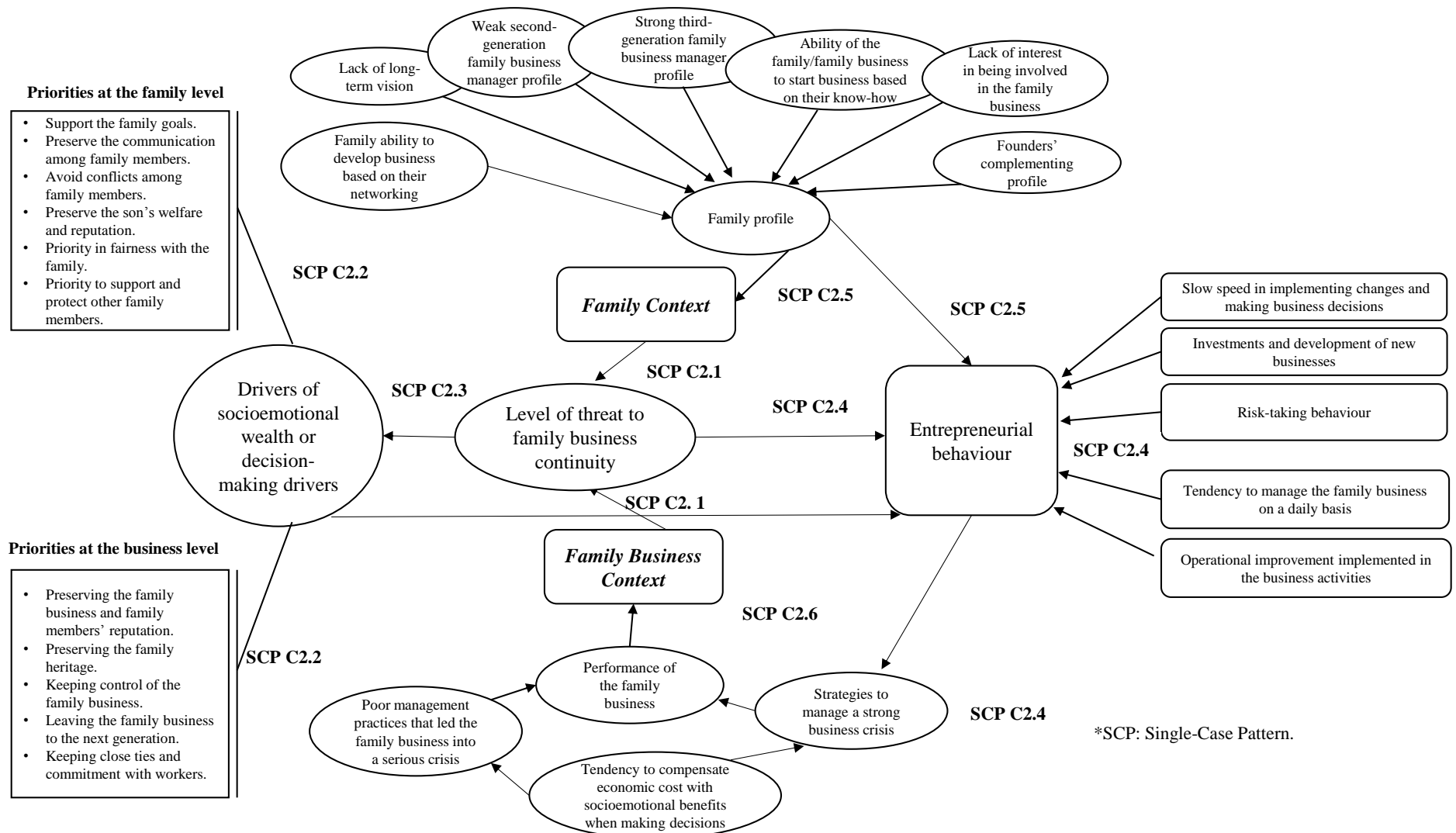


Figure 4.3: Case 2 theorising framework

**(i) Single-case pattern C2.1: The way the family/family business context evolved determined the level of threat to family business continuity**

This family business faced a dire crisis that put its continuity at risk. It occurred as a process that evolved for about eight years until it became unsustainable. It was observed that the threat to family business continuity was not perceived to its full extent until the situation became untenable. The crisis evolved as a consequence of changes in the family context, as well as in the family business context. The most visible symptom was the deterioration of the business performance. It was aligned with poor management practices, weak entrepreneurial behaviour and the delaying of important business decisions. However, important changes also occurred at the family level, and these were critical in explaining the evolution of the family business crisis. The founders developed health problems and the complementing role they played in the family business functioning was lost.

Most of their children were not interested in being part of the family business activities and the only son available had a weak profile as manager and minimum motivation to run the business. At this point, important knowledge and abilities that were part of the founders' background were lost. Family business continuity was completely threatened not only because of the financial issues, but also because it was disturbing normal family life. At this time, a new family business leader arose. His incorporation led to the implementation of new strategies to face the crisis. It changed normal business behaviour and improved family business performance. This improvement created a new context where the family business was again healthy and its continuity was no longer threatened for financial reasons. At the same time, this new leadership has given the family the opportunity to consolidate the transgenerational succession, decreasing the threat to family business continuity to nearly zero.

**(ii) Single-case pattern C2.2: The drivers of socioemotional wealth can be at both family and business level**

The drivers of socioemotional wealth were defined as the priorities that explain the family business decision making. Looking to understand the entrepreneurial behaviour of this family business, in this case six factors at the family level and five linked to the business level arose as the most important priorities supporting the decision making. These priorities shed light on the decisions supporting weaker or stronger entrepreneurial behaviour. For example, the priority to avoid conflict among family members, as well as the priority to support and protect other family members, explained, at least partially, the slow speed of implementing changes and making important decisions observed in some periods of the history of this family business. Moreover, the priorities to preserve the family business heritage and keep control of the family business were two of the main reasons for the decisions that led to the implementation of operational improvement in the family business operation, taking more risks and developing new business and strategies to face a crisis that was threatening family business continuity.

**(iii) Single-case pattern C2.3: The family/family business priorities evolved as the level of threat to family business continuity evolved**

The fact that some priorities were more mentioned by the family business members did not mean that they provided the best explanation for the decision making and family business entrepreneurial behaviour. It was observed in this case that the influence each family/family business priority had on entrepreneurial behaviour changed in response to the change in the level of threat to family business continuity. It was observed that while family business continuity was not threatened, the family focus was on priorities at the family level, such as supporting family goals, avoiding conflict among family members or supporting/protecting other family members. However, when family business continuity was severely threatened, the family was focused on

priorities at the business level, such as keeping control of the family business or preserving the family heritage. Importantly, it was observed that the threat of totally losing the family business had a special meaning for these family business owners. They were able to sell one of the most important business units (Casa Guerra) when it did not mean the total loss of the socioemotional wealth the family gained from their business. But they followed a completely different strategy when the possible sale of the family hotel, the last business unit they kept, was evaluated.

**(iv) Single-case pattern C2.4: As the threat to family business continuity increases, the family business entrepreneurial behaviour becomes more dynamic**

It was observed that the most important decisions and changes that reflected dynamic entrepreneurial behaviour were implemented when the family business hit the bottom and family business continuity was compromised. At this time, the family business owners decided to implement an important management succession<sup>23</sup>. Then, they put in additional funding, implemented new investment and developed a new business. Even though this family business showed strong entrepreneurial behaviour at other instances in its history, this time it was remarkable because of the important change in the behaviour the family business members described. They changed from very passive to very dynamic behaviour, and were looking to keep the family business under family control and preserve the family heritage. As was explained in the previous pattern, when the threat to family business continuity became more severe, the family business priorities turned from those at the family level to the described factors at the business level.

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<sup>23</sup> The owners named Pedro as family CEO (third-generation family manager), and demanded that Celso (second-generation family manager) leave the position.

**(v) Single-case pattern C2.5: The family business profile has a direct and indirect impact on family business behaviour**

It was observed in this case that the factors forming the family business profile were related to family business behaviour in two ways. On the one hand, factors such as the ability to start a business based on the family/family business background and the ability to start a business based on family/family business networking were seen as critical resources on which family business entrepreneurial behaviour was based. In this way, the family business profile was directly connected with the entrepreneurial behaviour of the family business. On the other hand, factors such as the lack of long-term vision and the lack of interest in being involved in the family business activities were seen as critical factors in the family context. These factors were important for explaining the evolution of the family business crisis that threatened continuity of this organisation. These observations support the view that the family business profile was indirectly connected with entrepreneurial behaviour.

**(vi) Single-case pattern C2.6: Family business performance was the main point of reference for the family business context**

Finally, it was observed that the main point of reference for evaluating the family business context was family business performance. As was expected, it was aligned with family business decision making and behaviour. Thus, factors such as the poor management practices that led to the family business crisis and the strategies implemented to face this crisis shaped family business performance. It was also observed that the narrative showing a dynamic entrepreneurial behaviour was aligned with the discourses expressing a better business performance.



### **4.3.5 Guerra family business case overall conclusions**

The contextualised explanation developed in the theorising model for this case highlighted the changing and evolving nature of family business decision making. It also confirmed that the family business made decisions according to the particular scenario they were facing at the decision-making moment. The crisis that happened in this company was central in this case analysis. It showed the huge impact the risk of totally losing the socioemotional wealth (provided by the family business) had for the owners' decisions and business behaviour. This case reinforces the idea that socioemotional wealth is driven by factors that can be at the family and at the business level. It also reinforces understanding about the changing nature of these priorities. Finally, the model integrates several constructs to explain the entrepreneurial behaviour of this family business. It proposes that family business decision makers do not use objective standards to measure the level of threat to business continuity or any other socioemotional priority. Mostly, it is perceptual and depends on several factors related to the family and the business contexts. Family members devote their attention to solving the problems that are the closest and more evident. The threat to business continuity became relevant in the decision making only when the situation was unsustainable, and at that moment it had a huge impact on entrepreneurial behaviour.

## **4.4 Smith family business case (SFBC)**

### **4.4.1 Case description**

#### **(i) Case introduction**

This is a second-generation family business operating in Armidale, NSW, Australia. The family has divided its assets into two business units: the real estate where a car smash repair business is functioning, and the car smash repair business itself. The real estate property belongs to the founder's four children and their mother, while the car smash repair business is controlled

by Thomas Smith, the founder's oldest child, and his mother Grace. From an economic point of view, the family business is completely healthy; however, it is not clear what the family expects from their business in the long term. Table 4.7 summarises the general features of this family business.

**Table 4.7: SFBC general features**

Cultural Identity	Size	Proxy Sales	Number of Workers	Industry	Established	Family Ownership	Managed By	Family Members Involved
Australian family/ Australian business	Medium	AU\$3 million	18	Smash car repair	1970	100%	Second generation. The oldest son.	2

**(ii) The family business history**

This family business was established as a partnership between Greg Smith and his friend Peter Jones in 1970. In 1976, Greg bought Peter's shares and it became Smith's Smash Repairs. From that moment, Greg and Grace set the foundations of their family business. They built facilities and the family business was consolidated as one of the most important car smash repair businesses in the New England Region. By 1983, at an early age, Thomas exhibited a keen interest and joined the family business. First, he was a panel beater apprentice, but some years later he started to co-manage the business with his father. By the early 1990s, Greg envisioned developing a business capable of covering all the facets of repair. So, Greg and Thomas worked hard to make this vision real. By 2004, Smith's Smash Repairs completed a huge upgrade: a garage of 3800 sq m was fully renovated with some of the most up-to-date equipment in country NSW. During 2006, Greg became terminally ill and, as a consequence, passed away. Thomas had to take on the full responsibility of the car smash repair business. Looking for a fair mechanism to share the family legacy, the family decided to separate the car smash repair business from the real estate and implemented a new mechanism where the car smash repair business rented the real estate that belonged to the mother, brothers and sisters.

### **(iii) Family members and their connection with the family business**

Greg was one of the founders of this family business and his wife, Grace, support him from the beginning. Greg was the entrepreneur who envisioned the business, but Grace had an important influence on his decision making. She also performed most of the administrative work for more than 25 years. Thomas formally joined the family business when he finished school in 1983, and his sister, Madison worked, with them for about four years. However, Madison, Grace and Ryan<sup>24</sup> followed their own path away from the family business. Thus, Thomas became the family business leader. He is closely supported by his wife, Madeleine, but they do not believe their children will end up running the family business for a third generation<sup>25</sup>.

### **(iv) The current scenario and the decisions they are facing**

Thomas is 47 years old, and he expects to keep running the family business for a while; hence, the family business management succession has not yet been a concern. Thomas' older children are facing the decision about what path they would like to follow, but the family business does not seem to be one of their priorities. For the younger child, it is too soon to talk about it. Thomas believes that a conversation with his mother, wife and children is needed to determine their needs and visions for the future of the family business.

## **4.4.2 Background data and reflections on the case data collection**

Most of the information about this case came from four personal interviews with Thomas, his wife and his eldest son. The researcher attempted to meet Thomas' mother (Grace), but it was not possible. The interviewees' background data are presented in Table 4.8.

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<sup>24</sup> Thomas, Madison, Grace and Ryan are the four children of Grace and Greg.

<sup>25</sup> The oldest, Steve, is following a career in economics, the second is currently doing an apprenticeship in helicopter engineering, and the two youngest are studying at primary school. None of them has shown any interest in following in their father's footsteps.

**Table 4.8: Interviewees' background data**

<b>Name<sup>26</sup></b>	<b>Family Role</b>	<b>Family Business role</b>	<b>Age Group</b>	<b>Relevant Background</b>
<b>Thomas</b>	The founder's oldest child.	Director, owner and family business manager.	40s	More than 20 years' experience as the family business manager. Panel beater. More than 30 years' experience in the car smash repair industry.
<b>Madeleine</b>	Manager/owner's wife.	Administrative support.	40s	Previous experience in an accounting firm. Administrative experience and family business involvement since she and Thomas married.
<b>Steve</b>	Manager/owner's eldest son.	He is the eldest of Thomas and Madeleine's sons. He is involved only as a family member.	20s	Steve is currently studying a Bachelor in Business and Economics. Currently he does not have formal responsibilities in the family business; he is informally involved and his opinion is important for his parents' decision making.

The data collection process in this case was implemented in two stages. First, the researcher contacted the family business and kept in touch with them for about three weeks. The information recorded in the first stage was transcribed and analysed to gain a first insight that was critical for planning the second half of this process. Then, the second stage was implemented and new conversations with Thomas, Madeleine and their son, Steve, took place. In the two data collection stages, four interviews were recorded. This information was central to the analysis of this case. Therefore, the interviewer's reflections about each of them are presented in Table 4.9.

<sup>26</sup> All names reported in this case study are pseudonyms.

**Table 4.9: SFBC interviewer’s reflections**

<b>Interviewee</b>	<b>Interviewer’s physical condition</b>	<b>Interviewer’s frame of mind</b>	<b>Description of the interview dynamics</b>
<b>Thomas</b>	Excellent. No problems that would harm the interview process.	Positive. The interviewer met previously with Thomas, which resulted in more confidence at the moment the formal interview was done.	The interview started on time. It took place at the family business headquarters. When the interview was finished, the conversation continued longer and informally. The interview followed the standard planned. Interviews were planned after a couple of conversations with him and his wife.
<b>Madeleine</b>	Excellent. No problems.	A bit nervous because she did not have much time. However, the interview was implemented without any problem.	Madeleine was the first contact the researcher had with the family business. The interview itself was shorter than was expected, as Madeleine did not have much time. However, all the questions were asked and the information was recorded without any problem. The conversation was interrupted once but it did not damage the interview process.
<b>Thomas and Madeleine</b>	Good enough. No physical problem that could damage the interview.	The interview was recorded as part of an observation session. The researcher felt a bit unconfident asking permission to record.	This interview was implemented as part of an observation session. Implementing the observation session and continuing to talk with the family member was difficult. They did not have much time, but after a couple of tries the process was implemented. In this context, new conversations were recorded.
<b>Steve</b>	Very good. The interviewer felt comfortable and confident during the interview.	It was part of an observation session. At this stage, very confident and close to the family business context.	This interview was implemented because the most important strategic decision in this case analysis was the succession process. Accordingly, having the vision of at least one of the family owners’ children about the family business was critical.

#### 4.4.3 Smith family business case findings

The data collected in this case were codified, the codes were grouped into factors and the factors were related under common themes. The case analysis provided critical information about the family structure, the family environment in which the business decisions were made, the priorities behind the family business strategic decision making, family business entrepreneurial behaviour and additional factors that talked about the family business context, among others. Details about how these case factors were grouped can be seen in Appendix 4.3. Following is a discussion of the most quoted factors grouped under each theme.

### **(i) Family and family business profile**

The factors forming this theme described the family members who influence the second-generation manager's decision making, the Smith third-generation interests and abilities, the positive family environment in this family business, the profile of Thomas as second-generation family business leader and the founder's entrepreneurial profile. These factors provide an idea about the family structure, their interests and roles, and the power dynamics when they make important decisions. In this case, five factors explained the family/family business profile. The codes forming each of these can be seen in Appendix 4.3a. Following is the analysis and discussion of three out of the five mentioned factors.

***Family members influencing the second-generation manager's decisions:*** Thomas' family plays a critical role in his decision making. The code system showed that his mother still influences the family business. It also showed the direct and tacit influence from his wife. This factor showed that Grace and Madeleine do not jeopardise Thomas' leadership, as their influence is supported by Thomas' priority to listen to them. Thomas' mother and wife are not looking to impose their opinion on how to face the business challenges, but rather they are looking to support him. Thomas elaborates:

THOMAS: Well, my mum, she's a director ... If I have a decision to make on a strategic level, I talk to her; I talk to her most weekends, and talk to her about things that are happening ..., but I only do that more out of courtesy than anything else. (Thomas interview, paragraph 127)

RESEARCHER'S NOTES: For Thomas, Madeleine's opinion is as important as his mother's opinion. The following comment supports that.

THOMAS: But if I've got to spend even a reasonable amount of money or make a big decision about staff, or new employment or dismissing someone or anything like that, I will always talk to her [Madeleine]. (Thomas interview, paragraph 111)

***Third-generation interests and abilities:*** The codes forming this factor largely emphasised the fact that the third-generation children were not interested in being part of the family business. They are focusing on their own careers and the family business is not in their plans, at least in the short term. One of the eldest third-generation children was finishing his Bachelor in Business

and the other was doing his apprenticeship in helicopter engineering. The researcher was led to believe that they will develop their careers away from the family business. The following comments support this analysis.

THOMAS: I have to do something proactively to make succession a priority because my sons aren't really interested ... the oldest one is doing ()<sup>27</sup>.... My second son has taken on an apprenticeship in aircraft engineering and my third boy is still at school, but I don't think he's all that interested. (Thomas interview, paragraph 12)

RESEARCHER'S NOTES: The youngest of their children is a girl. It was observed that Thomas and Madeleine have not seen her as part of the business.

MADELEINE: Steve is business, and he's studying economics ... I think he'll move to the city and do big things ... And Peter [her second eldest son], he did work here ... He's a little Thomas, he's really quite handy and understands this business quite well ... but he fell in love with helicopters. (Madeleine interview, paragraph 29)

Steve clearly expressed his preference to look for a job somewhere else. However, he was confident about the option the family business provided him as a Plan B. Steve elaborates:

STEVE: I'm applying for a lot of jobs at the moment, I'm really looking. I'd like to get into corporate crime with the Federal Police at some point and start in the federal agency there. That really interests me ... (Steve interview, paragraph 8)

RESEARCHER'S NOTES: Clearly the family business would be a good Plan B for him.

STEVE: But, if I don't find it that enjoyable, if I want to start a family and sort of move away from the city and have a more secure job and settle down in a quiet town like here ... (Steve interview, paragraph 14)

***Positive family environment:*** The family environment was clearly dominated by respect, supportiveness, communication and good relationships between parents and children across the generations. The most mentioned concept talked about was the admiration and respect Steve felt for his father. Thomas expressed the same when he talked about his father. The following comments support the analysis above.

STEVE: I admire him [Thomas] in everything that he does. He's a really smart man and he's one of the people who inspired me to get into management ... (Steve interview, paragraph 39)

RESEARCHER'S NOTES: Thomas expressed similar feelings when he talked about his father.

THOMAS: And so, coming back to my dad, I think because I was so keen to be involved and we had such a good relationship, we got along so well, I wanted to be involved with him. (Thomas interview, paragraph 12)

This factor also highlights the supportiveness and respect among family members, the communication and good relationships between sisters and brothers, as well as the trust among

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<sup>27</sup> ( ) indicate that a word or phrase cannot be understood in the recording.

siblings. All the last indicate a good and stable family environment. It was not only supported by the family members' narratives, but also by the family behaviour observed in several observation sessions. The next comments support this analysis.

THOMAS: We [Thomas and his younger brother, Ryan] have a really good relationship, we get on really well ... (Thomas interview, paragraph 10)

RESEARCHER'S NOTES: Respect and good communication were also present when Thomas talked about his sisters.

THOMAS: And my sisters too, we're still very close, we all live in the same town and we still see each other regularly and we're quite close so we can talk openly about real estate and the business ... (Thomas interview, paragraph 133)

RESEARCHER'S NOTES: Madeleine highlights the trust behind the business relations among the siblings.

MADELEINE: The trust, there's a trust set up, which is Thomas's mother, and the business pays the trust rent [for the real estate] ... (Madeleine interview, paragraph 17)

## (ii) **Smith family business: Drivers of socioemotional wealth at the family level**

Six factors were identified as the priorities at the family level that drove the decision making in this case. These factors represented the source of intangible wealth the family would like to preserve when they make decisions. Most of the family priorities were shared by most of the family members. However, each factor did not necessarily have the same priority for each family member. These five factors were supporting the children's personal and professional projects, the third-generation priority on new challenges, the family emotional support for the family/family business leader, listening to each other's opinion, and the flexibility to respond to the family's needs. The codes forming each of the five factors can be seen in Appendix 4.3b. The following section discusses the three most quoted factors.

***Support children's personal/professional projects:*** This factor highlighted Thomas and Madeleine's priority for supporting their children's personal goals and projects. They do not impose what they believe is better for their children. Instead, they support their children in doing what they prefer. Madeleine and Thomas were confident their children have already started to successfully build their own paths. It has not been easy for them to not interfere, but they believe



it is the only way to follow as a parent. The next comments provide support for the above analysis.

THOMAS: I'm confident that our boys have already started to carve out good career paths and we might be best just to support them. (Thomas interview, paragraph 40)

RESEARCHER'S NOTES: The same idea was reinforced by Madeleine.

MADELEINE: Like I said, we wanted to let them decide what they wanted to do. If they wanted to come here, all good, and that's fine. We would have embraced that, but yeah, they found their own thing. (Madeleine interview, paragraph 81)

Important to understand in this priority was the fact that Thomas and Madeleine indicated they were afraid their children might regret being involved in the family business. It is considered demanding and risky, so they did not like insisting that their children be part of the family business. They avoid putting pressure on the children to be involved in the business activities because of the negative balance of socioemotional wealth it represented for them. The following comments support the last analysis.

THOMAS: I feel like accepting them into here, in time they may regret that. (Thomas and Madeleine interview, paragraph 57)

RESEARCHER'S NOTES: Madeleine shared the same idea as Thomas. Further, she is worried about not putting pressure on their children to be part of the family business.

MADELEINE: I'd love them to do something else, to do whatever they want. I don't want them to feel as though they have to come into this business. If they would, that's great. (Madeleine interview, paragraph 29)

RESEARCHER'S NOTES: Steve has never felt pressure to join the family business.

STEVE: He's going to support me either way ... No, I'm sitting on the fence, where it's Mum and Dad on one side and then there's another opportunity on the other side and no one's really calling me either way, they're leaving it up to me, so there's no real pressure. I don't feel as though I have to. (Steve interview, paragraph 35)

***Third-generation priority on new challenges:*** This factor gave evidence about why Steve has not been motivated to follow in his father's footsteps. Steve's discourse highlights his desire to build his own path and look for new challenges. He wants to challenge his own potential and at the same time avoid the stress of working in the family business. Although this factor only has direct support from Steve's narrative, the researcher observed that something similar would be happening with Steve's brother. Overall, it was clearly stated that both were not keen to become part of the family business. Steve elaborates about the last observations:

STEVE: ... it's sort of exploring the unknown kind of thing to see how far I can take myself as well ... I did that because I wanted to challenge myself to see what I could do. (Steve interview, paragraph 33)

RESEARCHER'S NOTES: Steve is looking for a challenge away from the family business. But he also believes the family business is stressful.

STEVE: Which is making me think that it's even more okay for me to go and explore for myself because it's [the family business] a very stressful job. It is very difficult to make a substantial earning [in this industry] because they're such a dominated market by the insurance companies [the main source of demand] that are only letting them do certain things. (Steve interview, paragraph 39)

***Family emotional support for the family/family business leader:*** This factor highlighted the priority the members of this family put on supporting the family leader's work. It was explicit and directly mentioned by Steve.

STEVE: Yeah, I've always had a little connection with it, just unprofessionally working, I would always come and help out if Dad needed. (Steve interview, paragraph 3)

However, something else was hidden beyond the narrative. It was the intergenerational attention that also appeared in the factor, "support children's personal project". This highlighted the relevance of the family emotional support for the leader's decision making at the business level. It has been part of the culture of this family through the generations and it has been important in family business functioning and in family welfare since Thomas joined his father in the family business. Thomas elaborates:

THOMAS: But if I did come into this business and help Dad, I would help him, take a lot of the workload off him on the management side ... I'd like to help him with the implementation of his plan, to do his auto-care stuff, his mechanical side, to try and do something like that, to expand even more because with the workload he's got at the moment he wouldn't be able to do it, wouldn't be able to do it by himself I don't think. (Thomas interview, paragraph 48)

For Thomas, family support comes from his mother, wife and children. The trust his mother has in him, his wife's involvement and moral support, as well as his sons' concern in supporting his daily work was seen to be a source of confidence for him. This family emotional support reflected the strong family cohesion behind Thomas and the family business as a common project. It was frequently mentioned in all the interviewees' discourse. Madeleine elaborates:

MADELEINE: So, she [Thomas' mother] tends to support him in his ideas as well ... She supports him in decisions like that [an important investment in new technology] as well and he [Thomas] likes to have her feedback and involve her in it as well. (Madeleine interview, paragraph 46)

RESEARCHER'S NOTES: Thomas also gets family support from his wife and children.

MADELEINE: So, as far as new projects and things like that, if he decides to implement new projects and things I'll be there to support him in decisions that he makes. (Madeleine interview, paragraph 40)

MADELEINE: So he'll come and help out, he [Steve] "loves" to do that and Ryan [her second eldest son] loves to come and help like that as well and even John [one of her boys who is still at school] has been down here washing cars. (Madeleine interview, paragraph 33)

### **(iii) Smith family business: Drivers of socioemotional wealth at the business level**

In this case, seven factors were identified as the priorities at the family business level that explained the decision making. They were considered to be the drivers of socioemotional wealth this family business had looked to preserve. The narrative about these factors was quite stable through all the family business history. These factors were looking for a long-term exit strategy instead of intra-family succession, preserving the family business as a flexible workplace for family members, keeping the business within the family, preserving the close involvement and trust they had with workers, preserving the family identification with the business, keeping the family business reputation and, finally, preserving family control of the family business management. Appendix 4.3c shows the codes forming each of these factors. The four most quoted family business priorities mentioned above will be analysed below.

***Looking for a long-term exit strategy instead of intra-family succession:*** This factor highlighted the family concerns about what will happen with the family business when Thomas decides to retire. It was considered one of the most critical decisions the family had to make about their business. Thomas and Madeleine elaborate:

THOMAS: ... I have to do something proactively to make succession a priority because my sons aren't really interested in being part of this. (Thomas interview, paragraph 12)

MADELEINE: ... Obviously that's a big decision [long-term family vision on family business ownership and management]; there's no other really big decisions that we're grappling with at the moment. (Thomas and Madeleine interview, paragraph 47)

As the children have not considered joining the family business in the long term, Thomas and Madeleine's discourse emphasised the idea of a long-term exit strategy instead of intra-family succession. Their main priority was on supporting their children's decisions on the paths they had decided to follow. Accordingly, the family business owners have focused on thinking about a long-term exit strategy. However, they are staying open to the chance that one of their children may become involved in the family business activities. It was observed that this dilemma was because of the high uncertainty about what each of their children will finally decide to do with their futures. The following comments support the above analysis.

MADELEINE: We want them to grow and do what they want to do, what inspires them, but if that means this business then we will support them the whole way. (Thomas and Madeleine interview, paragraph 66)

THOMAS: I've said to him, "look mate, I want you to know there's something here for you if you want it, and I'd love to have you", but I've also said, "I don't want you feeling pressure for that". (Thomas and Madeleine interview, paragraph 57)

Thomas tried to be rational in his thinking about leaving the family business in the short-term. He and his wife expressed their openness to selling the business if someone came with the right money. However, their behaviour did not match their discourse at this point. They had not taken any action to determine the economic value of their family business, as they were not sure about this decision and they are staying open to involving one of their children if they would like. Thomas elaborates.

THOMAS: So, I've got two distinct trains of thought. I definitely have a lot of pride in the name staying and hopefully staying there for a long period of time. If it came to the crunch and I felt like the conditions were right and the offer was right I would let it go. Simple as that. (Thomas interview, paragraph 86)

THOMAS: It's a discussion that we are currently having [sell the family business]. Whether that happens or not, I'm not sure, because I still have desires to keep working for a long while. (Thomas interview, paragraph 18)

Accordingly, the idea of involving one of his workers as a partner in the business was mentioned by Thomas as an exit strategy they would prefer. The implementation of this plan would allow the family to keep control of the family business as much as possible, keep the door open to their children joining the business and gives them time to find their own path. It looked

to be the best response to the scenario the family was facing. Thomas made the following comments:

THOMAS: ... if we can involve some of these guys in a partnership and bring them into business to help with managing it and fund it, we might be able to phase ourselves out so it's not so demanding and it may continue on indefinitely with us still being involved to a degree.

(Thomas interview, paragraph 40)

RESEARCHER'S NOTES: He already knows who that person could be.

THOMAS: So, I'm thinking he would probably come in with a 30% share, or 33% or something, and we would continue to have the controlling share and wean him into a controlling share over time so he had almost a sliding scale there to phase them in and you out. (Thomas interview, paragraph 96)

***Family business as flexible workplace for family members:*** This factor reinforced the important meaning the family business has as a potential workplace for the family. It was limited but highly valued by Steve and his parents. The following comments support the observations above.

STEVE: It's something different I'm looking for and while I'm young it's something I can do, and this is always something I can come back to. It's always given me that option. But for now, I'm just looking to explore what I can do; I like to challenge myself. (Steve interview, paragraph 8)

RESEARCHER'S NOTES: The family business as a workplace was also important for Madeleine.

MADELEINE: I started to have a bit of an interest in it because I had left my other job. Thomas said, "oh, you can come and work for me" and I sort of started to come in a couple of days a week. (Thomas and Madeleine interview, paragraph 13)

These factors emphasise the wealth the family business created as a job option for the family members. The flexibility the family business gave to the family members seemed to provide extra value. It allowed them to join the business if they liked, go in or out of the business depending on what their personal or family priorities were, and/or work the numbers of hours they were available. It was critical that the family members' aligned their personal interests with their job development. The following comments provide evidence of this.

MADELEINE: Probably over a period of maybe 10 years, on and off. So, I was just doing part-time and now I'm doing almost a full-time role and we've got two girls in the office and if one of the girls is sick I pick up the slack, or if they're on holidays I'll be here full-time for them. I feel like I'm here all the time. But, yeah, I'm having tomorrow off. (Madeleine interview, paragraph 7)

RESEARCHER'S NOTES: They had ceased to offer a particular service to fit family and business needs. That had an economic price that was offset with non-economic wealth.

MADELEINE: So, she left [a worker] and I wasn't prepared to do that full-time as well as the family, the house, the kids and work in the business as well. So, that was me, I said to him, "we

can't do this anymore, we need to let this go" [they stopped offering a service so as to not sacrifice family time]. (Madeleine interview, paragraph 44)

***Keeping the business within the family:*** This factor highlighted the change in the family members' priority for keeping the business within the family. It showed how the family members' motivations evolved from a time when Greg and Thomas put a lot of effort into successfully implementing the management succession of the family business, until today, where the priority for transgenerational succession is not clear. The transition from Greg's to Thomas' family business leadership was supported by the high motivation Thomas and his father had to keep working together. The high priority of this for both of them made it a success. Thomas and Madeleine elaborate.

THOMAS: I think because I was so keen to be involved and we had such a good relationship, we got along so well, I wanted to be involved with him. (Thomas interview, paragraph 12)

RESEARCHER'S NOTES: Madeleine talked about how much Thomas and his father enjoyed working together. This was considered an example of the great motivation they had for working together.

MADELEINE: They really enjoyed doing that [working] together. He enjoyed working with his father. Then it was really just the two of them with the ideas, I really didn't have any influence then because I really wasn't in the business, so it has changed since his death. (Madeleine interview, paragraph 55)

However, the family members' motivation has changed with time. The new generations have not shown much interest in keeping the family business within the family. Similarly, Thomas and Madeleine feel their children can build a better future somewhere else. Thus, they see the family business transgenerational succession as an option that will be available if needed. In this way, Steve notes that his involvement in the family business management has not been decided yet, but at the moment he is looking for a different workplace. The following informs this observation.

THOMAS: ... I can see that if I involve my boys in it they would be under the same demands in 20 years' time as I am, or in 15 years' time, and I wouldn't actively discourage them from being involved if I thought they were keen and they wanted to, but I guess I'm thinking that there are probably better opportunities for them elsewhere. (Thomas interview, paragraph 8)

MADELEINE: So, it's exciting that they go out and find their own careers instead of walking in the footsteps of Thomas. (Madeleine interview, paragraph 27)

RESEARCHER'S NOTES: Steve has thought about joining the family business but it was seen as a Plan B for him instead of a priority.

STEVE: So, I've always thought about coming into the business, but I also wanted to go out and explore my potential. I feel as though it's too easy for myself to just come in, slip in and have a job without really having to work for it. (Steve interview, paragraph 4)

***Close involvement and trust the family has with workers:*** The narrative about this factor highlighted the close relationship Thomas has with his employees and the trust most of them inspire in him. This, coupled with the lack of intra-family succession alternatives, has led Thomas to think about some of them as potential partners with whom he could implement the next management succession. Thus, one of these employees could play a critical role in the long-term development of this company. This factor showed its power to create non-economic wealth in several ways. On the one hand, the acknowledged emotional ties, commitment and trust between the family and the family business employees were observed as important drivers of socioemotional wealth in this case. On the other hand, the opportunity the workers gave to the family to keep control over the business as long as possible seemed to be even more rewarding for the Smith family. Supporting this, Thomas elaborates.

THOMAS: You thought I was talking about my sons. I'm talking about the staff [talking about successions plans]. (Thomas interview, paragraph 90)

RESEARCHER'S NOTES: As he mentioned the idea to make a non-family succession with one of his employees, he was asked about what he prefers, to give a worker the option to be a partner or sell the whole business if someone came with the right money.

THOMAS: I'd take the first one [the option of a worker as partner] with the partner for sentimental reasons more than anything else. (Thomas interview, paragraph 90)

RESEARCHER'S NOTES: Thomas highlighted the importance of keeping the control on the business decisions.

THOMAS: If I was comfortable with the partner, it would depend on them and what their plans were moving forward, because the difficult thing about that would be who has the controlling say. (Thomas interview, paragraph 92)

#### **(iv) Smith family business entrepreneurial behaviour**

In this family business, four factors were labelled as entrepreneurial behaviour but most of them reflected a conservative and well-managed family business more than one that is entrepreneurial and strongly innovative. These factors are the family business tendency to grow and invest slowly but constantly, their tendency to protect the family from business risks, the

focus on running the day-to-day family business activities, and one factor talked about specific moments in the family business history where new ventures were developed. Appendix 4.3d shows the codes behind these factors. Following is the discussion of the three most quoted factors.

***Growing and investing slowly but constantly:*** This factor highlighted the family business concern to keep their business up-to-date. It showed a family business driven by the ambition to preserve their market position and implement the founder's vision. At first glance, it was observed as strong entrepreneurial behaviour; however, the way this vision was implemented did not match this idea. This family business carefully planned the business they would like to build and then implemented it progressively through stages. Thus, the ambition of following a vision, taking action to achieve it and improving their position in the market showed this family business to be strongly entrepreneurial. But, at the same time, it was counterbalanced with predominantly conservative and orthodox management behaviour. The following comments provide support for the above analysis.

MADELEINE: They did it in two, or really three, different stages. So, originally, there was a small office here in the corner on this side of the property and then we could see ourselves growing and a need to expand, so this section was built and we moved into that and stage three was this building over here. (Madeleine interview, paragraph 11)

RESEARCHER'S NOTES: They kept investing and thinking about new projects. But they were not really major changes. They followed the same orthodox way to develop the family business.

THOMAS: Yes, we are going to implement new projects, but it's more a hybridisation of what we're already doing. We're planning on opening a mechanical repairs section. (Thomas interview, paragraph 107)

STEVE: ... that he does have driven to make it bigger and he's not happy with staying where he is, that he's always trying to get new tools and expand all of his procedures and making the business environmentally friendly. (Steve interview, paragraph 48)

***Protecting the family from family business risk:*** This factor confirmed the openness of the family business to taking financial risk, but at the same time it showed the family owners' concern to keep the financial risk under control. Thomas and Madeleine commented that most of



the family business assets<sup>28</sup> were financed with debts. But they also mentioned that they have not implemented a profitable project because they did not want to increase their debt to equity ratio. Again, the narrative showed the two sides of the coin. On the one hand, there is an entrepreneurial attitude when they take important financial risks to found the business operation. On the other hand, there is a conservative attitude when they delay some business projects to keep the business financial risk under control. The following comments support the analysis above.

MADELEINE: No, absolutely because there is no other way to do it [do new investment]. If you want to do projects you've got to borrow money from the bank. (Madeleine interview, paragraph 90)

THOMAS: As it turns out there is some equity in that, but there's more debt than equity [in the car smash repair business]. (Thomas interview, paragraph 20)

RESEARCHER'S NOTES: One important concern is keeping debt under control.

MADELEINE: I think it would certainly be profitable [to implement a new service] ... [But] It was an awful lot of money to outlay at that point and he was thinking, "I need to get a few of my debts down a bit before I go and do that". (Madeleine interview, paragraph 94)

Importantly, the debts in this case were related to the car smash repair business but not the real estate. It was seen as a mechanism to protect the family equity Thomas shared with his brother, sisters and mother<sup>29</sup>. It was especially important because Thomas knew the risk of the business he was running. The business model demanded a high turnover and his vision of the industry was not positive. His high sense of concern was seen as indicative of social adherence and possible emotional concern. The following comments support the observations above.

THOMAS: Well, what I've indicated is that the fixed overhead costs of this business require it to run at a certain level, and so the equivalent level, the actual physical cost of the rent and all those sorts of things require that you have a certain amount of turnover to make the place work. (Thomas interview, paragraph 68)

RESEARCHER'S NOTES: Thomas was aware of the risk of the business he was in. His high level of emotional concern for his family led him to take actions to protect them from this.

THOMAS: On the other side of that, I'm working here five days a week and contributing my own funds and my own mortgage into the business, so that's why the business entity itself is separated away. (Thomas interview, paragraph 20)

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<sup>28</sup> Excluding the real estate.

<sup>29</sup> The real estate. Thomas controlled only the car smash repair business.

***Focus on running the day-to-day family business activity:*** Another factor illustrating family business entrepreneurial behaviour was the focus on running the family business on a day-to-day basis. Thomas and Madeleine commented that the demanding day-to-day business activity did not give them the time to make and implement new important projects. They are running a very well organised family business but their focus is mainly on its operation. It reflects the weaknesses of this organisation in implementing innovations, introducing new services or making important changes, providing further support to the idea of weak entrepreneurial behaviour in this case. Madeleine and Thomas comment:

THOMAS: I guess the answer to that is that when I get time to sit down and analyse things and think, that is rare. Every other time I'm dealing with the day-to-day issues. (Thomas and Madeleine interview, paragraph 44)

RESEARCHER'S NOTES: Madeleine expressed non-verbally her agreement and then said.

MADELEINE: That's what I said, we're just trying to get through today. (Thomas and Madeleine interview, paragraph 46)

THOMAS: I'm busy all day, every day fixing people's cars and I don't get very much time to plan the business and that's part of the problem. I feel so consumed by dealing with everybody that comes through the front door, everything that goes on out here, that I don't get time to plan the business. (Thomas interview, paragraph 76)

**(v) Additional factors mentioned in the Smith family business case**

Most of the additional factors contain business decisions with socioemotional concerns shared by the family members. Some of them also shed light on critical issues that could be considered to be part of this family business context. The factors are the current lack of decision about going to the third-generation family business, the natural first succession process, the pessimistic view of the industry where the family business competes, the apparently availability to quit the family control on the business, the conflicting view about where the family business is heading the in the future, the pessimistic view about the ability of the family business to guarantee the third-generation welfare and the strong financial position this family business has in terms of performance. Appendix 4.3e contains each of the seven factors mentioned above. The following will analyse the four most quoted factors.

***Lack of decision about going to the third-generation family business:*** The lack of interest in dynastic succession was widely discussed in the family business priorities section. However, the decision about this point has not yet been made. This factor was showing the family business behaviour of delaying this strategic decision to keep the door open as a backup for the children. The factor indicates that this conversation has not yet been had. Thomas and Madeleine are averse to involving their children and they felt their children will not follow in their father's footsteps. The following comments support the above analysis.

MADELEINE: Not really, no, and this is probably going to create some discussion for us as well ... We've never had a serious conversation about that [dynastic succession]. (Madeleine interview, paragraph 37)

RESEARCHER'S NOTES: Thomas' opinion confirms Madeleine's impression.

THOMAS: All those sorts of things that are management decisions that we grapple with all the time, whether we just tread water where we are and keep things on an even keel or do we take another step forward and grow the business even further, but still with no succession plan. (Thomas and Madeleine interview, paragraph 50).

RESEARCHER'S NOTES: Thomas believes his children will not be involved in the family business. But he does not close the door to changing his mind.

THOMAS: I'd like to know in the next five years what the direction is and if we're going to, IF I'm going to incorporate one of my children into it. I'd like that time between now and sort of 55 to have that for working in place, but I honestly don't think that that will happen. (Thomas interview, paragraph 58).

***Natural first succession process:*** Contrasting with the lack of decision on the next management succession, this factor highlighted the natural first succession process. At this point, a pattern in terms of dynastic succession behaviour was observed. This strategic decision was not managed in the past and has not been planned for the future. The founders let the first succession process flow by itself and, at the data collection moment, Thomas and Madeleine were supporting their children's personal and professional projects. Overall, succession in this family business has responded to the family circumstances, priorities and needs at the specific moment when the decision needs to be made. Thomas elaborates:

THOMAS: Both him [Greg] and my mother, I think, were happy just to let it evolve [his incorporation to the family business], to let it happen ... I think that probably solved the problem for him in some respects, and he probably didn't have to think about it because I was here, you know, I was part of it and I was committed to it. (Thomas interview, paragraph 12).

RESEARCHER'S NOTES: It was observed that the first succession process just happened. Decisions evolved naturally. The process was implemented over several years, which allowed Thomas to get the critical knowledge directly from his father.

THOMAS: Once I'd finished my apprenticeship and become a tradesman, we would plan things together and definitely talk about the future and make five-year plans and beyond to keep the business moving along, so we'd do that together. (Thomas interview, paragraph 16).

***Pessimistic view of the industry where the family business competes:*** Family members in this case mentioned the high level of control the few insurance companies have over the market and the difficulty in finding qualified workers. Accordingly, they expressed low confidence about the health of this industry. This negative vision was important not only to understanding their economic expectations about the business, but also to understanding the meaning it would have for them in implementing intra-family succession. The following comments support their negative vision.

THOMAS: Basically there are two companies that control 80% of the insurance market and they put increasing pressures on the industry that aren't letting up. So, the health of the industry is suffering. (Thomas interview, paragraph 100)

STEVE: He's come to the realisation that he's a very small fish in a very big pond and there's a lot of bigger fish out there, such as the big insurance companies, that have a lot of demeaning power over every other smash repairer in the industry, and I think he believes that certainly it's a very hard industry to go a long way in. (Steve interview, paragraph 39)

MADELEINE: Well yeah, that's right. And, obviously, at the moment we haven't got staff to do what I do. So, we've had one fellow away on worker's comp and another two fellows leave, so it's leak, "staff, ahhh". Staff's a real issue, and getting qualified staff is a real issue. No-one wants to be a panel beater any more. (Madeleine interview, paragraph 73)

***Availability to quit the family control on the business:*** As was mentioned in the analysis of the family business priorities, Thomas and Madeleine had thought to implement a long-term exit strategy instead of intra-family succession. This factor was aligned with this priority. They were apparently open to quitting the family control on the business. That meant partially or totally selling the family business. Thomas mentioned his idea of incorporating one of his workers as a potential partner. It was observed that this idea was not only based on economic considerations, but also on socioemotional concerns. This factor was seen as a potential behaviour responding to the family business priority of a long-term exit strategy. As the family business did not expect to go through to the next generation, they accepted the idea of relinquishing family business control. However, they looked for a strategy that allowed them to delay this decision as long as possible. The following comments provide support for the analysis.

THOMAS: Unofficially yes [he is open to selling the family business], but I think that is true for almost any business. If a buyer came along it would be for sale, and my father always used to say that. (Thomas interview, paragraph 32).

RESEARCHER'S NOTES: But it seems he gave the expected response, while the researcher observed it was not part of the family business plans. Thomas has thought to bring in a worker as potential partner/buyer as a long-term exit strategy.

THOMAS: So I think that would obviously involve someone who would be more involved in the decision making. If it was one of the guys [workers] that I was thinking about, he would obviously become a financial member of the business ... (Thomas interview, paragraph 133)

#### **4.4.4 Smith family business case discussion**

This case analysed an Australian second-generation family business that had not planned for future intra-family succession. It enriched this research work by providing a new setting to understand the priorities behind family business decision making and entrepreneurial behaviour. Based on this case, a contextualised explanatory framework was built. It provided new ideas about how the context influenced the drivers creating socioemotional wealth in this case. It also shed light about how and why the family business adapts its entrepreneurial behaviour to preserve socioemotional wealth. The case theorising framework highlighted eight patterns to explain the causal relations among the factors previously discussed. Figure 4.4 summarises the case findings.

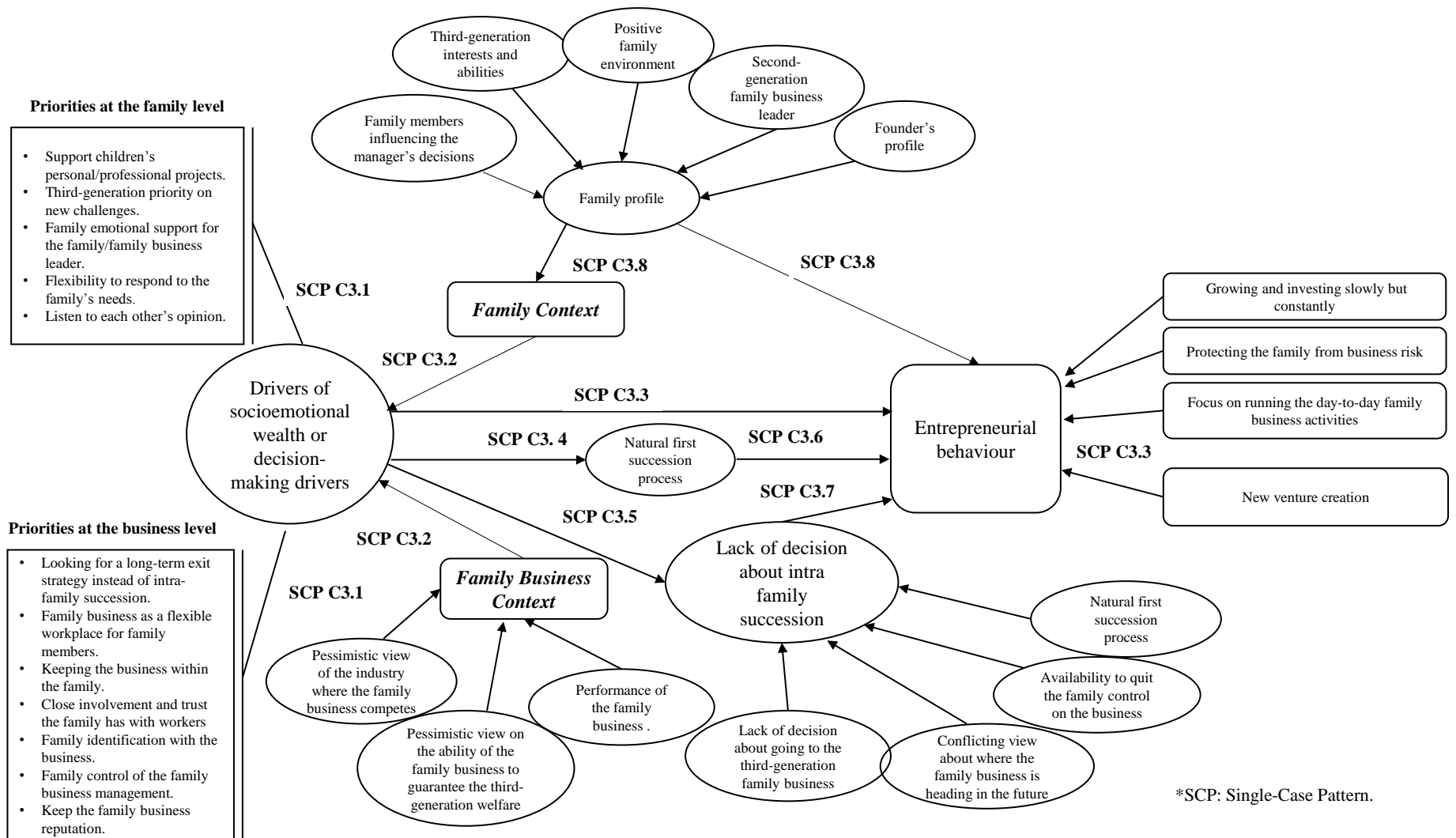


Figure 4.4: Case 3 theorising framework

**(i) Single-case pattern C3.1: The priorities driving the decision making were based at the family and family business level. Some of them were shared by most of the family members but others were not**

In this case, thirteen factors were identified as the priorities behind the decision making. Six of them were at the family level and seven were connected with the business. These factors were considered the drivers of socioemotional wealth under which the family business strategic decisions were made at different points in time. Some of these priorities were shared by most of the family members, but others were aligned only with the discourse of some of them. For example, the priority on preserving close involvement and trust with workers was frequently mentioned by all the interviewees. It was observed that it has been important not only for the current family business administration, but also for the previous generation. However, the third-generation priority on new challenges was connected only with Steve's discourse and aligned with the priority Thomas and Madeleine put on their children's personal and professional projects.

**(ii) Single-case pattern C3.2: The family/family business priorities evolution was aligned with the evolution of the family business context**

This case provided further support to the idea that the family/family business priorities or drivers of socioemotional wealth evolved over time. The analysis showed that the relevance each factor had was aligned with the specific context this family business was facing at different points in time. The family/family business context explained the value or importance the family members put on each of the mentioned priorities. For example, the priority Madeleine put on working flexibility arose when her children were born and demanded more attention. Similarly, a change in the priority for keeping the business within the family through the generations was observed as a consequence of the pessimistic view Thomas has about the family business market,

the ability of the family business to provide welfare to the next generation and the lack of a third-generation family member's interest in keeping the family business running. It was completely different to what happened in the first transition, when Thomas took on the family business leadership.

**(iii) Single-case pattern C3.3: Family business entrepreneurial behaviour evolved as a response to the evolution in the family/family business priorities**

In this case, the entrepreneurial behaviour was a bit stronger when the founder was leading the family business. The change in family business entrepreneurial behaviour was aligned with the change in the family/family business priorities. A stronger entrepreneurial behaviour was observed when the family was cohesively supporting the founder of the entrepreneurial project. It was also aligned with solid family emotional support for implementing the founder's vision. At this moment, Thomas and Greg were keen to keep working together. Conversely, more conservative entrepreneurial behaviour was observed when the priority was on searching for a long-term exit strategy instead of intra-family succession. It was aligned with the third-generation priority on looking for new challenges away from the family business and the parents' priority to support their children's desires. Similarly, the priority Thomas had put on being fair with the family led him to separate the real estate holding from the car smash repair business. It limited the ability of the family business to borrow money from the bank, thus limiting its entrepreneurial behaviour. The most important asset Thomas could use for supporting a mortgage was not available.



**(iv) Single-case patterns C3.4 and C3.5: The family/family business priorities impact on the implementation of a natural first succession process. The change in these priorities also explained the lack of decision about a future succession plan**

One of the characteristics that made this case unique was the changing priority for implementing intra-family succession. The first transition from Greg's to Thomas' management flowed naturally from the moment when Thomas decided to come into the family business and develop a career under his father guidance. This process was driven by the priority on emotionally supporting the family/family business leader, keeping the business within the family and keeping family control of the family business management. Conversely, Thomas and Madeleine have not made decisions about intra-family succession. They have been focused on supporting their children's personal/professional projects. Similarly, Steve and his brother have not considered the family business as the first option for building their professional career. Along the same line, developing a long-term exit strategy began to appear as one of the most frequently mentioned factors. It was observed that this exit strategy was not only a family business priority, but also a useful mechanism to delay the decision about intra-family succession.

**(v) Single-case patterns C3.6 and C3.7: When intra-family succession evolved naturally stronger entrepreneurial behaviour was observed. Lack of decisions on future succession aligns with weaker entrepreneurial behaviour**

This case was important for understanding the critical role played by the decision of intra-family succession on family business behaviour. This family business had a first succession process that flowed naturally. It motivated the implementation of a long-term vision for their company, which demanded huge investment, the incorporation of new technology, a change process and restructuring the whole family business. The last was seen as evidence of strong family business entrepreneurial behaviour. However, the change in the family/family business

priorities led to a lack of decision about a future succession plan. It happened while more conservative behaviour, focused on running the day-to-day family business activities, was observed. The last suggests that when the next generation intended to be part of the business and to continue the family legacy, the parents felt committed to strengthening the family business for the benefit of the future generation. This feeling of permanence was critical for making long-term decisions aligned with strong entrepreneurial behaviour. However, when it was not the case, there was no motivation to take risks, make long-term investments or major innovations. Accordingly weaker entrepreneurial behaviour was observed.

**(vi) Single-case pattern C3.8: The family profile had a direct and indirect influence on family business behaviour**

The fact that this family business showed stronger entrepreneurial behaviour while it was managed by the founder led to the view that family structure and profile have a direct influence on family business entrepreneurial behaviour. In this case, the founder's profile seemed to be critical in explaining the foundation of this new venture almost 40 years ago. Similarly, the role played by Greg was critical in explaining the most important investments and upgrades this family business had implemented. On the other hand, it was also observed that the third-generation interests and abilities have been playing a central role in explaining the weaker entrepreneurial behaviour in recent times. However, at this time, the impact was indirect. This factor shaped the family context and the family priorities, which, in turn, impacted on family business behaviour.

**4.4.5 Smith family business case overall conclusions**

The case analysis showed a family business that has been stable in terms of behaviour, performance and decision making over time. It confirmed the fact that the family members' priorities were based in the family system as well as in the business system. These priorities were

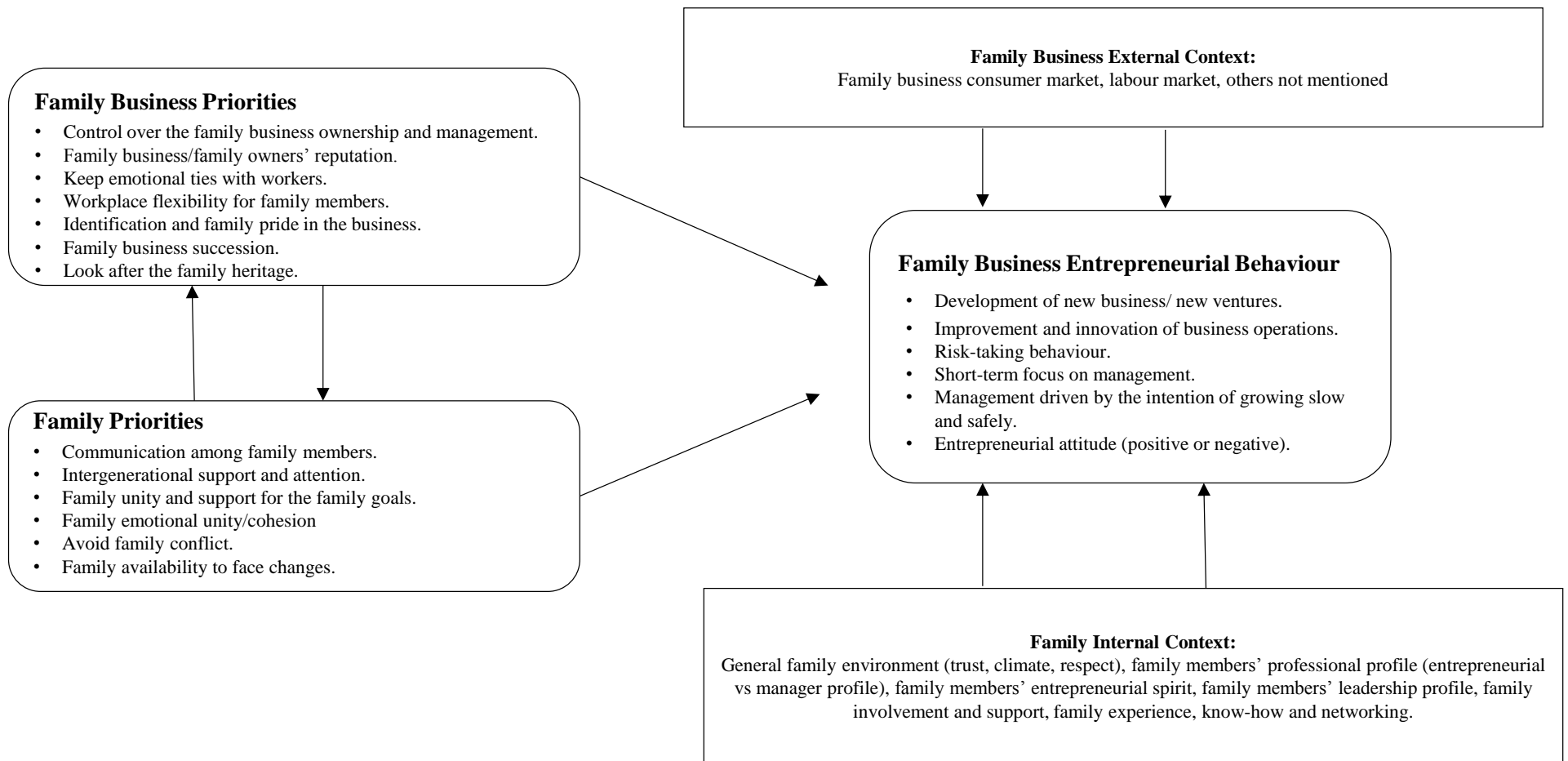
not equally important for all the family members and evolved as a response to specific scenarios the family was facing at different points in time. They were considered to be the most critical drivers of socioemotional wealth and were aligned with the entrepreneurial behaviour of this family business. Central to the analysis of this family business were the observed patterns about intra-family succession. The case showed that while a first non-planned succession process was naturally and successfully implemented, family business entrepreneurial behaviour was strong. At that moment, Greg and Thomas were focused on implementing the long-term vision the founder had for their family business. However, the change in the family/family business priorities has led to a lack of decision about a future succession plan. It happened while more conservative behaviour, focused on running the day-to-day family business activities, was observed. Thus, it is believed that defining the long-term family position in terms of intra-family succession would be central to developing a long-term family business vision. It, in turn, would have a huge positive impact on family business entrepreneurial behaviour because this vision must be implemented.

## Chapter 5 Cross-case Analysis

### 5.1 Introduction

The previous chapter reported the main findings obtained from the single (or within) case analyses. This chapter reports the main results and conclusions obtained from the cross-case analysis. Based on socioemotional wealth theory, it looks to address the questions made at the beginning of this research. The analysis puts together the findings discussed in the previous chapter. It summarises the factors that explain the family context, family business context, family priorities, family business priorities and the entrepreneurial behaviour in the three single cases analysed. In this way, it attempts to explain how context influences the priorities that create or destroy socioemotional wealth, how the socioemotional priorities influence family business entrepreneurial behaviour and why family businesses entrepreneurial behaviour changes over time. Figure 5.1 shows the initial model of relationships under which the cross-case analysis was undertaken.

First a brief preview of the cases included in the demographic cross-case comparison is presented. Then, the main findings of the cross-cases analysis are discussed. This section focuses on the differences and similarities between the cases, which were analysed in several dimensions. The dimensions were considered critical for understanding the influence of socioemotional wealth on the entrepreneurial behaviour in the three cases. Then, the following section discusses the final theorising model proposed to explain the causal relations among the factors. This model grouped the most important patterns and observations discussed in the study. Finally, the chapter's overall conclusions are presented.



**Figure 5.1: Cross-case analysis: Framework of relationship context/socioemotional priorities/family business entrepreneurial behaviour**

## **5.2 Cases description**

The analysis presented in this chapter was built on the basis of the three cases previously discussed. They are the Miller family business, the Guerra family business and the Smith family business. The following section presents a brief description of each case and a comparative analysis of their main demographic features.

### **5.2.1 Miller family business**

The Miller family run a second-hand furniture store and a removal company in Adelaide, South Australia. It is a first-generation small family business employing 18 people with sales around AU\$1.2 million per year. The family was originally from Chile, but they have been running their business in Australia since 2004. Cesar is the main family and business authority; however, his wife, Olga, also has an important influence on the family and business decisions. Their only daughter is just 12 years old and the family expect her future will be away from the family business activities.

### **5.2.2 Guerra family business**

This small/medium-sized enterprise (SME) is a third-generation family business from Chile. It consists of a three-star hotel and several real estate investments. The enterprise is managed by Pedro, a 40-year-old grandson of the founders, but the ownership control is in the hands of his father, uncle and aunt. Pedro joined the family business in 2005. By 2008, he was named general manager. His mission was to rescue the family business from the worst crisis in its history and avoid bankruptcy. At the point of data collection, the family business was stable from a financial point of view and the challenges were on how the future will be faced.

### **5.2.3 Smith family business**

This is a second-generation family business operating in Armidale, NSW, Australia. The family has divided its assets into two business units: the real estate holding where the car smash repair business is functioning and the car smash repair business itself. The real estate property belongs to the founder's four children and their mother, while the car smash repair business is controlled by Thomas Smith, the founder's oldest child, and his mother, Grace. From an economic point of view, the family business is completely healthy; however, it is not clear what the family expects from their business in the long term.

### **5.2.4 Demographic cross-case comparison**

Critical for the analysis presented in this chapter was to recognise the idiosyncrasies of each case. Identifying the distinctive features and character of each family business included in this research allowed their heterogeneity to be highlighted. Understanding their similarities and differences was central to explaining how their motivations were connected with their decision making and behaviour. This first step then allowed analysis of the general demographic information of the cases. Table 5.1 summarises this information.

On the one hand, the cases were different in terms of business size, the industry where they compete, the level of business diversification, their age, the family business generation running the organisation, their cultural identification and the country (cultural context) where the family business has been developed. On the other hand, the researcher could not observe important differences in terms of family identification/attachment with the business and the dynamic behind the family business decision making over time.

**Table 5.1: Cases' descriptive information and general themes from their narrative**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
<b>Family cultural identity</b>	Chilean	Chilean	Australian
<b>Country where the business operates</b>	Australia	Chile	Australia
<b>Business size</b>	Small to Medium	Small	Medium
<b>Sales</b>	AU\$1.2 million	AU\$600 million	AU\$3 million
<b>Industry</b>	Furniture store and removal service	Hotel and real estate investment	Car smash repair
<b>Number of workers</b>	18	12	18
<b>Family business age</b>	9	> 50	38
<b>Generation of management</b>	First	Third	Second
<b>Family business identification with the business</b>	High	High	High
<b>Family attachment with the business</b>	High	High	High
<b>Themes in the narrative</b>	Family members' background and family business capabilities	Family profile	Family/family business profile
	Family priorities	Family priorities	Family priorities
	Family business priorities	Family business priorities	Family business priorities
	Family business entrepreneurial behaviour	Family business entrepreneurial behaviour	Family business entrepreneurial behaviour
	Other factors (family business context, threat to socioemotional wealth and cultural issues)	Additional factors (family business context, strategies to face crisis, threat to family business continuity)	Other factors (view of the family business context, succession plans)

In order to follow the methodological process recommended by critical realism, the narrative was primarily organised based on the theoretical foundation discussed in the literature review. Accordingly, factors obtained from the content analysis were grouped under similar themes. However, each of them provided a particular setting that provided critical information to determine if the patterns were robust across these different scenarios. The themes were:

- Family context
- Family priorities and family business priorities
- Entrepreneurial behaviour
- Other factors that provide information about the family business context and particular issues such as a business crisis, threat to the family socioemotional wealth or cultural issues.



### **5.3 Cross-case findings: The main differences and similarities**

In this section, the main similarities and differences between the cases are analysed. This cross-case comparison is done in several dimensions. The first four dimensions, presented in Table 5.2, talk about the family/family business context in each case, which was one of the most important criteria being researched. Then the analysis focuses on significant shocks the family businesses faced and how they impacted on their behaviour. This analysis provides an understanding of the logic behind the change in the way decisions were made. The next two dimensions compare the cases in terms of the family/family business priorities behind the decision making. These priorities were defined as the source of socioemotional wealth. Then, the focus is on comparing the entrepreneurial behaviour of the three cases, which was one of the key constructs under research. Then follows an analysis of important shocks that could threaten family business priorities. This analysis was a central part of the study because the cases showed that family business behaviour changed dramatically when external shocks or problems hit the family or the business. Finally, as each case represented a different cultural setting, a cross-cultural comparison is undertaken. It was important to determine if cross-cultural considerations played a role in understanding the influence of socioemotional wealth on family business entrepreneurial behaviour. Table 5.2 displays an overview of the most important cross-case findings.

Following is presented the cross case analysis on each of the mentioned dimensions.

**Table 5.2: Cross-case comparison**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
Narrative centred on	The family more than the business	Almost equally on the family and the business	The business more than the family
Family business owner financial source	The main financial support for the family was the business.	The current owners had their own professional career. Accordingly, the family business cash flow were not their main source of financial support.	The family business was the main source of financial support for Thomas' family. Thomas' sisters and brother, who also own the family business real estate, had their own careers. In this case, the rent Thomas paid for the real estate was not his brother and sisters' main financial support.
Influence of the family context on the decision making	<p>The family business leader had long entrepreneurial experience. His wife's supportiveness and flexibility to adapt were mentioned as critical factors behind their business success.</p> <p>Lately, the most important family context factor influencing the business decision making was the health problems Cesar and Olga were facing. It was one of the reasons given to explain the idea of selling the removal business and concentrating on real estate and the furniture store.</p> <p>The founder's personality, his leadership, the family supportiveness and the complementing profile between Olga and Cesar were mentioned as critical factors for the success of the family business.</p>	<p>At the point of data collection, three of the founders' children were the main owners of the family business and one of the founders' grandsons was the manager. The family business was started up on the basis of the founders' profession (family social capital). Family social connections and family business networking were critical in starting up the family hotel.</p> <p>The knowledge developed in the family business activities was central for detecting new business opportunities. Furthermore, their portfolio of customers and suppliers was also important (family business social capital).</p> <p>The complement between the founder's entrepreneurial skills and his wife's managerial skills were seen as a critical asset in the development of the family business. The third-generation manager's professional background and his entrepreneurial profile were also important in protecting the family business from bankruptcy.</p>	<p>The family business was started as an entrepreneurship based on the founder's experience and knowledge as a spray painter. Importantly, it was started as a partnership with a friend. Accordingly the trust they had in each other was a critical factor.</p> <p>For Thomas, the mentoring he got from his father was critical for him to learn all about the family business. This knowledge was central to him keeping the family business healthy and successful.</p> <p>Thomas expressed that family supportiveness and trust were very important factors for him in running the family business. They were seen as the cornerstone for his leadership and independence in the business decision making.</p>

**Table 5.2: Cross-case comparison (continued)**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
Influence of family business context on the decision making	The market where they competed had changed. Lately, finding qualified workers was harder and differentiating their services was more difficult. Transferring the increasing cost to the market was not easy.	Changes in the relevant markets have played an important role in this case. Casa Guerra, the most important business this family had, failed and the real estate was sold. It happened as a consequence of market changes and management in the 1990s. The decision was made to protect the rest of the business the family was running at that moment.  The hotel market has become harder too. But they have kept running this family business.	Thomas and Madeleine have a pessimistic view about the future of the car smash repair market. The last was mentioned by Thomas and Madeleine as one of the reasons for them being happy for their children not to join the family business. They will be happy if their children can do a professional career by themselves.  The mentioned pessimistic view was because the industry is dominated by insurance companies. Furthermore, it was mentioned that finding qualified workers is difficult and expensive.
Shock impacting on the family business and changes in family business behaviour	Two important shocks were identified in this case. The first was the change in the family climate before the family moved to Australia, and the second referred to the health problems that Cesar and Olga have been facing over the last two or three years.  On the one hand, while the family was suffering strong relationship problems, they were not able to make important decisions about leaving Chile and starting a business in Australia. This decision was seen as a signal of family entrepreneurial behaviour. On the other hand, the health problems Cesar and Olga have suffered have been aligned with an important change in the way they were conducting their family business in Australia, turning to less strong entrepreneurial behaviour.	This family business suffered several shocks, such as the founder's health problems, which led them to leave the business or the entry of a new competitor that changed the competitive structure of their main market competition. These shocks led them to face a long business crisis and even a possible bankruptcy.  The family business showed changing criteria in the decision making in these crises. Under the second-generation manager, the family sold the most important business they had. But later, when the family evaluated selling the last business unit they kept, they preferred to implement huge changes to make the family business competitive again. In terms of entrepreneurial behaviour, it was very strong in the founder's generation, weak in the second generation and a bit stronger in the third generation.	The most important shock in this case was the unexpected death of Greg. However, Thomas had been prepared to take the family business leadership. This event caused changes in the legal ownership of the real estate holding and the car smash repair business. However, the family business kept to their planned path and normal functioning.  Overall, no crisis was observed in this case at the family or at the business level that could stimulate important changes in the family business decisions.

**Table 5.2: Cross-case comparison (continued)**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
Family business priorities	Five factors were labelled as family business priorities.	Five factors were labelled as family business priorities.	Seven factors were labelled as family business priorities.
	The most mentioned family business priorities were the ties and trust with customers and staff, managing the business based on the family values and keeping the flexibility the family business gives to the family to do what they like the most.	The most mentioned family business factors were talking about preserving the family business and the family members' reputation, preserving the tangible/intangible family heritage and preserving the family business control.	The most mentioned factor under this dimension were the priority on looking for a long-term exit strategy instead of intra-family succession, keeping a flexible workplace for family members and keeping the business within the family.
	The least mentioned family business priorities were the pride the family felt for the family business and keeping family control of the business.	The least mentioned family business priorities were talking about leaving the family business to the next generation and keeping close ties and commitment with workers.	The least mentioned family business priorities were talking about keeping family control of the family business management and keeping the family business reputation.
Family priorities	Seven factors were labelled as family priorities.	Six factors were labelled as family priorities.	Six factors were labelled as family priorities.
	The most mentioned family priorities talked about keeping the family together and communication to make decisions under agreement.	The most mentioned family priorities were supporting family goals, communication among family members and avoiding conflict among family members. Importantly, the narrative was describing lack of communication.	The most mentioned family priorities described the relevance of supporting the children's (from the third generation) projects and the third-generation priorities of looking for new challenges away from the family business.
	The least quoted family priorities were the interest in giving the best to the child and the focus on the family's needs.	The least quoted family priorities were the concern with being fair with the family and protecting/supporting relatives.	The least mentioned factors were flexibility to meet family needs and the priority of listening to each other's opinions.

**Table 5.2: Cross-case comparison (continued)**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
	<p>It was observed that the entrepreneurial behaviour in this family business was very dynamic throughout the whole case history. However, in the last two or three years, the owners started to focus on a less demanding business and have been more conservative in terms of risk taking. It led to the family business behaviour becoming weaker.</p>	<p>In this case, family business entrepreneurial behaviour changes significantly between different generations of family business management. Under the founder's management, it was very dynamic. During the second generation it was very weak. When the third generation began directing the family business, it became stronger again.</p>	<p>This case was seen as the less dynamic in terms of entrepreneurial behaviour, but probably the best managed of the three analysed cases. Importantly, the narrative about this case was not homogeneous throughout the case history. The most dynamic or strong entrepreneurial behaviour was aligned with the narrative talking about the family business while it was managed by the founder.</p>
Entrepreneurial behaviour	<p>Three out of the six factors labelled as entrepreneurial behaviour were clearly reinforcing the idea of strong entrepreneurial behaviour. Two of them were expressing the inverse idea. One of them shows a mixed narrative, that is, positive entrepreneurial behaviour sometimes and more conservative behaviour at other times.</p>	<p>Five factors were labelled as entrepreneurial behaviour in this case. Two of them were directly talking about entrepreneurial behaviour. The other two showed the inverse idea. One of them expressed mixed behaviour over time.</p>	<p>Four factors were labelled as entrepreneurial behaviour in this case. Only one expressed a dynamic or positive entrepreneurial behaviour. The other three factors expressed the reverse idea. On the one hand, the narrative talking about the founder generation brought more narrative supporting entrepreneurial behaviour. On the other hand, the narrative talking about a potential third generation of management brought little or zero narrative related to entrepreneurial behaviour.</p>
	<p>The six factors labelled as entrepreneurial behaviour in this case were talking about looking for a less demanding business, risk-taking behaviour, focus on developing their own family business, entrepreneurial attitude to facing business activity, intention to keep growing safely and innovation of the business model and its operation.</p>	<p>The factors talking about entrepreneurial behaviour in this case were slow speed in implementing changes and making business decisions, investment and developing new business, risk-taking prone/aversion behaviour, management on a day-to-day basis and business operational improvement.</p>	<p>The four factors talking about dynamic or static entrepreneurial behaviour in this case were growing and investing slowly but constantly, protecting the family business from business risk, focusing on running the day-to-day family business activities and new venture creation.</p>

**Table 5.2: Cross-case comparison (continued)**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
Threat to any of the family and/or family business priorities	<p>Threats were observed closer to the family priorities than the family business priorities. The business has been growing over time. It was financially healthy at the point of data collection. Similarly, it has the potential to keep growing. However, the main concern for Cesar and Olga over the last couple of years has been the important health problems they have been facing. It was the main threat to the family/family business interest (priorities).</p> <p>In the past, at the beginning of the family history, the family climate was severely threatened. When they were still living in Chile the couple split. They faced severe problems with the business they started in Chile, before coming to Australia. They lost all they had in a fire. However, what the narrative highlighted the most was the family conflict they had.</p>	<p>This family has put a huge priority on preserving the family climate and values over most of its history. Family had always been first, except when the family business continuity was in danger. For example, the founder's health problems were considered an important shock to the family priorities. When it happened and the business continuity was not threatened, critical decisions (as succession) were made based on family priorities.</p> <p>Later, health problems also affected the matriarch and important new competitors come into their main market. This triggered a long and strong business crisis. When it hit the bottom, family business continuity was severely threatened, and could have meant the total loss of the socioemotional wealth the business was giving to the family. Under this scenario, the family business focused on keeping family control of the business and preserving the family heritage, among other family business priorities.</p>	<p>No important threat involving the total loss of socioemotional wealth was observed in this case. The family was happy with what they were doing at the business level. The family business was financially healthy. Importantly in this case was the lack of intra-family succession plans, which could become a threat to family business continuity. However, it did not threaten the family/family business priorities because while Thomas and Madeleine did not have succession plans, transgenerational succession was not considered one of the family members' priorities.</p> <p>At the family level, they looked to be a very stable family. Leadership and intergenerational authority was observed. Also high concern and attention from the parents to the children was apparent. There was good communication and cohesion around the family projects and individual goals.</p>

**Table 5.2: Cross-case comparison (continued)**

	<b>Miller Family Business Case</b>	<b>Guerra Family Business Case</b>	<b>Smith Family Business Case</b>
Cross-cultural comparison	Cesar had a longer relationship with the Australian culture; however, the family defined themselves as Chilean. As a first generation of immigrants, they identified with the culture from where they came.	This case was also about an immigrant family. They arrived in Chile from Lebanon more than 100 years ago, but after four generations they identified themselves as Chilean. Both family business owners and the manager were born and raised in Chile.	In this case the family identify themselves as Australian. As for most of Australians, they were also immigrants, but they did not mention that connection, probably because of the number of generations since the first Smith arrived.
	The cultural context was seen as important to their entrepreneurial success. The market opportunities, the economy stability and the way Australians do business were highlighted as important. It was an important factor to explain success but not behaviour.	In this case, it was not possible to observe the influence of cultural context on the family business behaviour, because the family business history had developed in Chile. The cultural context has not changed for them.	In this case, it was not possible to observe the influence of cultural context on family business behaviour. The family and the business have always been related to Australia. The national cultural context has never changed for them.
	The factors talking about family priorities, family business priorities, the external context and the family context were considered the main dimensions explaining family business entrepreneurial behaviour.	Compared to the other cases, similar patterns appeared here in term of socioemotional wealth drivers. The way family priorities, family business priorities, family context and family business context influenced the business decisions was the same as the other cases.	Similar to the others cases, family and family business priorities were identified as critical for explaining the business behaviour, as was family and family business context. This was similar to the other cases. Accordingly, no important differences in the socioemotional priorities were observed.
Cultural adaptability	As a first-generation immigrant family, this case was the only one that showed cultural adaptability as a critical factor for entrepreneurship. That means, the family and family business ability to accept and adapt to the new cultural scenario was critical to the entrepreneurial success.	NI	NI

### **5.3.1 The family members' narrative**

The Miller family members put much more emphasis on the family than the business. Conversely, the Smith family emphasised the business more than the family. The Guerra family members were at a middle point, and talked almost equally about family and business issues. This observation determined if the family business owners were more concerned about what was happening in the family or the business system. These asymmetries in the narrative aligned with the heterogeneity in the drivers of socioemotional wealth observed, showing the first important difference between the cases. On the other hand, the family members' narrative emphasised an important similarity in the cases. All those interviewed talked about the family and the business as one unit, confirming the overlap between these two subsystems.

### **5.3.2 Family business cash flows as the main source of financial support for the family owners**

Important differences were observed in this dimension. While the family business was the main financial support for the Millers, it was not the case for the Guerra family business. The Guerra family business owners developed their own professions away from the day-to-day family business activity. Accordingly, the family business was not their main financial support. In the Smith case, this dimension presented a mixed reality. Thomas and his wife work full-time running the family business. Accordingly, it was the main financial support for them. But it was not the case for Thomas' brother, sisters and mother, who also have economic interests in the family heritage. These differences could be important for explaining potential asymmetries in the business behaviour. It was observed that the dependency of the family business on cash flow led the family to be more rational and less emotional. Conversely, when the family business was not the main source of financial support for the owners, they behaved more emotionally and less rationally.



### **5.3.3 Influence of family context on decision making**

This dimension was considered critical for understanding socioemotional priorities and family business entrepreneurial behaviour. In each case, a particular set of factors gave form to the family context. However, a founder leader with a strong entrepreneurial profile was a pattern observed in the three cases. Similarly, one factor highlighting family supportiveness and the couple complementing profile appeared in all the cases as an important feature for their lasting success. The analysis of the family context also showed that these factors were critical for understanding the family/family business priorities behind the decision making. They provided important information about the family social capital under which the entrepreneurial activity was built.

### **5.3.4 Influence of family business context on decision making**

The family business context influenced the decision making depending on how it impacted on the most critical family/family business priorities in each case. Accordingly, the cases showed some similarities and differences that must be addressed. For example, in the Guerra family business, the changes in their main market resulted in them facing a strong business crisis. To respond to this scenario, they made major changes and restructured the business in a way they had never done before. The family business context also influenced the decision making in the Miller and Smith family businesses. The leaders in these two cases had a pessimistic view about the markets in which they are competing. It had led Smith to avoid involving their children in the family business, and the Millers had decided to sell one of their most important business units. Overall, in the three cases, the family business context was explained by factors talking about external and internal issues, such as increasing competition in the family business market or family business performance.

### **5.3.5 Shocks impacting on the family business and changes in family business behaviour**

This dimension analysed important shocks the three family businesses had faced and how they impacted on their behaviour. This analysis looked to understand the logic behind the change in the way the decisions were made. Each case suffered specific shocks, and some of these shocks impacted at the business level and others were closer to the family level. Table 5.2 described two important shocks that impacted at the family level in the Miller family business case. One of them related to the family climate problems they had faced before coming to Australia and the second talked about the health problems this couple have suffered over the last two or three years. In the Guerra family business, the founders' health problems, the non-planned changes in the family business leadership and the entry of a new competitor to one of their main markets were described as the main shocks identified in this case. The first of them was related to the family level and the other two were related to the business level. Finally, at the Smith family business, the untimely death of the founder was considered the most important shock that faced the family and the business level.

All the shocks described above had different origins and impacted at different levels of these organisations. However, all have at least one important point in common, which is the priority they put on preserving socioemotional wealth. In the Miller case, they were driven by the priority to keep the family together and look after each other. These priorities explained the decision about when to come to Australia and the type of business they decided to start here. Lately, the health problems already mentioned have led Cesar and Olga to think about selling the removal company and looking for a less demanding business. In the Guerra case, all the described shocks led this family business to face a severe business crisis which, in turn, showed an important change in the decision-making criteria. They first decided to sell part of the business in order to avoid bigger problems and supported their brother's (manager) decision making. But, when the business hit the bottom and the loss of the entire family business became

a real threat, the second-generation owners made additional contributions of capital and implemented major changes<sup>30</sup> to preserve the family heritage, keep control of the family business and leave the business to the next generation. Finally, the most important change in the Smith case came with the founder's death. The management and ownership transition were driven by the priority of fairness among the sisters, brothers and mother.

### **5.3.6 Family business priorities**

Most of the family business priorities mentioned in the three cases were close to the socioemotional wealth construct. Factors talking about preserving family control of the business, preserving the family reputation and keeping strong ties with workers were frequently mentioned by the interviewees in all the family businesses analysed. The importance of the flexibility the family business gives to the family members as a workplace, the importance of intra-family succession and the priority to keep the family proud and identifying with the business appeared in two of the cases. Finally, looking after the family business heritage as a whole appeared in one case.

These family business priorities show a pattern that provides strong support to the theoretical propositions about this point. However, the cases also highlighted differences that must be analysed. One of these differences was the number of factors appearing in each case. Five factors were identified as family business priorities in the Miller and Guerra family businesses, and seven factors were labelled in the same way in the Smith case. Another important difference was the heterogeneity in terms of the importance each dimension had in each family business. It was observed that the priority each factor had at different points in time changed. Hence, the number of quotations did not give enough information for stating which one was more or less important. However, the narrative behind each priority and the influence the

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<sup>30</sup> The changes included removing their brother from the family business leadership and implementing intra-family succession.

discourse showed they had in the decision making showed that the importance of each factor responded to the idiosyncratic conditions surrounding the decision making at specific points in time.

### **5.3.7 Family priorities**

Most of the factors labelled as family priorities were implicitly talking about family climate. Some of them were frequently mentioned in the three cases and others were mentioned less frequently. For example, the priority on having fluent communication among the family members, the high concern parents expressed for protecting their children and supporting their projects and goals, and the interest in supporting each other to reach common goals were mentioned in all the cases. The priority on avoiding family conflicts and the concern about supporting/protecting each other were mentioned in two of the family businesses analysed. Finally, the priorities on preserving the flexibility the business gave to meet the family needs and developing new challenges away from the family business were mentioned in only one case.

The above analysis showed that family priorities were very similar in the three cases, and were an important common pattern. However, important differences were also observed. One of these differences was the numbers of factors. The Miller family business was the case where more factors labelled as family priorities were identified. In this case, eight factors were considered family priorities, while in the other two cases, only six factors were labelled under this category. Furthermore, similar to what happened with the family business priorities, the narrative showed that the importance of each family priority changed at different points in time. The analysis showed that it was connected with the specific context surrounding the family and the business when critical decisions were made. Therefore, these priorities were idiosyncratic not only to each case, but also to the scenario under which the decisions were made.

### **5.3.8 Entrepreneurial behaviour**

The narrative behind the three cases showed differences in family business behaviour between the cases and also at different points in time in each single case. Some of the factors labelled as entrepreneurial behaviour showed narrative supporting a dynamic or strong entrepreneurial behaviour and others expressed exactly the inverse idea. Overall, the Miller family business was considered the most dynamic in terms of entrepreneurial behaviour, while the Smith family business showed itself to be conservative and carefully managed. The narrative talking about the Guerra family business spotlighted big changes in terms of this theme. Thus, in the Miller family business, three factors expressed dynamic entrepreneurial behaviour: two talked about their intention to look for a less demanding family business and to keep growing safely (weak entrepreneurial behaviour) and one factor was talking about risk-taking with a mixed narrative. In the Smith car smash repair business, only one factor presented narrative supporting dynamic entrepreneurial behaviour and the other three highlighted the slow but steady investment policy of this family business, the tendency to make decisions to protect the family from the business risk and their focus on running the day-to-day business activities. At a middle point between the two previous cases was the Guerra family business. In this case, factors such as the tendency to manage the business on a daily basis, as well as the slow speed in implementing changes and making business decisions gave evidence of weak entrepreneurial behaviour. On the other hand, factors talking about investment, development of new business and operational improvement in the family business provided evidence of strong entrepreneurial behaviour.

Important similarities were also observed in this analysis. For example, family business entrepreneurial behaviour was always stronger when the organisations were managed by the founders and weaker when the second-generation family manager was leading the business. Two out of the three cases showed that stronger family/family business entrepreneurial behaviour

arose when the family businesses were looking for transgenerational continuity. This aligned with the observation that while the family businesses had a clear long-term vision, they were more dynamic in terms of this behaviour. Finally, all the cases showed a connection between context, priority and entrepreneurial behaviour that needed to be understood to explain the decision making<sup>31</sup>.

### **5.3.9 Threat of total loss of socioemotional wealth the business gives to the family**

The priority on preserving socioemotional wealth has been the main pillar of this research and the risk of loss of this wealth is one of its central issues. In this section, the analysis focuses on understanding the impact of facing the probable total loss of socioemotional wealth on family business decision making. The cross-case analysis showed that when shocks hit, family priorities become the main concern in the decision making, but changed when the shocks hitting the family business priorities triggered the probable total loss of the socioemotional wealth of the family business. The three cases were very similar in terms of their normal behaviour when business continuity was not threatened. Under this scenario, important decisions were made primarily based on family priorities instead of business priorities. For example, when health problems affected the founder in the three cases, priorities such as the concern about being fair and looking after the other family members were critical factors that explained decisions about management succession or changing the focus to a less demanding business. Similarly, when the Miller family was affected by severe family climate problems, business decisions were delayed, and when the Smith family was impacted by the sudden death of the patriarch, decisions on the family business ownership/legal structure were made with the aim of being fair to all the family members. On the other hand, under conditions of positive socioemotional wealth valence, when the business continuity was threatened, the focus completely changed to the family business

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<sup>31</sup> This connection was analysed in each single case analysed in the previous chapter.

priorities. This scenario was the only one that could mean the potential total loss of the socioemotional wealth the family members received from their business. Only one case, the Guerra family business, faced this scenario. A long and strong business crisis hit this family business. It was explained by shocks that impacted on the family and the business context. When the business hit the bottom, the normal focus on family priorities changed to a focus on the business priorities. In order to keep family control on their business and preserve the family heritage, this family business dramatically changed its behaviour.

#### **5.3.10 Cross-cultural comparison**

The cases discussed in this research provided three different cultural settings. However, the cultural issues were not a central part of the interviewees' discourse. The Guerra family business and the Smith family business did not make any reference to cultural issues that would be important for this work. In both cases, family members strongly identified with their national culture, and their family business had always been within their countries. However, as the Miller family business was a first generation of immigrants, some cultural issues were highlighted as important. They mentioned that the family ability to adapt to a new culture was critical to their entrepreneurial success. From a socioemotional viewpoint, it was considered part of the family context. Although Cesar had previous background and experience living in Australia, the narrative showed that this ability was eminently socioemotional. This family believed that they would not be able to succeed without the strong emotional conviction of what they were doing. It created in them a sense of family cohesion and emotional support for each other that was critical for reaching their goals. Thus, cultural issues like this would play a moderating role on the business behaviour because they were part of the internal family context. Something similar would happen with the family business context. The research showed that the two family businesses settled in Australia highlighted their concern for the labour market and the high level

of competitiveness in Australia. At first glance it did not have a direct connection with socioemotional wealth, but a deeper analysis showed that when the market conditions became hard enough to threaten the family's socioemotional stability, it would play a central role in the decision making. For example, Thomas Smith felt their children would build a much better life (less stressful and financially safer) by themselves because of his pessimistic view of the car smash repair market. Thus, the country would play a moderating role in the family business context.

#### **5.4 Cross-case final discussion and theorising model**

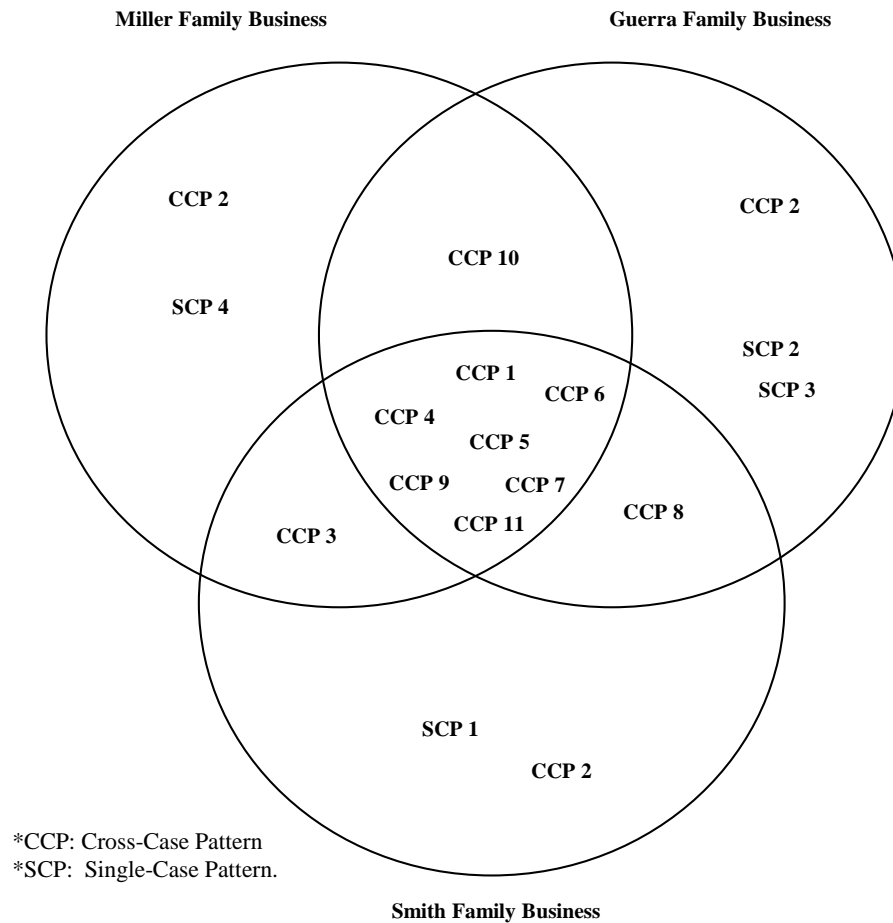
The cross-case analysis made above highlighted similarities and differences between the three cases informing this research. Based on this, the following section discusses how socioemotional wealth was manifested in each case and builds the final theorising framework that shows the causal relations among the factors. Figure 5.2 puts together the findings from Figures 4.2, 4.3 and 4.4. It summarises the eleven cross-case patterns highlighted in at least two cases<sup>32</sup>. It also presents the four single-case patterns that were particular to only one case<sup>33</sup>. Similarly, Figure 5.3 shows the final cross-case theorising framework, including the cross-case factors and the patterns exposing the causal relations among them. The analysis of these fifteen patterns is then presented.

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<sup>32</sup> CCP: In the figures describes the Cross-Case Patterns found at least in two cases.

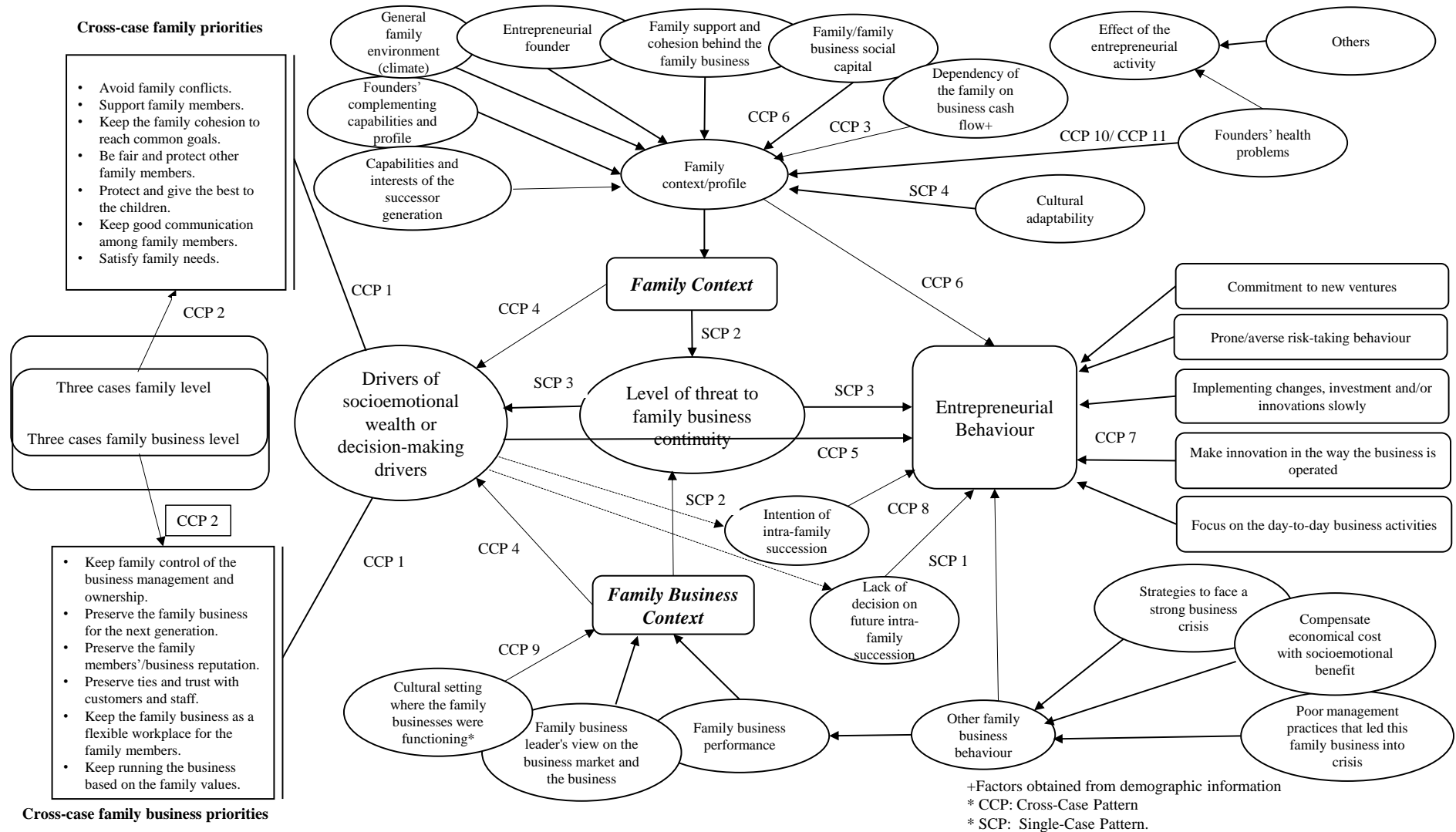
<sup>33</sup> SCP: In the figures describes the Single-case patterns that were particular to only one case





Pattern	Description
CCP 1	Family and business system overlapped, it implied that socioemotional priorities existed at both levels.
CCP 2	The drivers of socioemotional wealth were contingent to each case at specific points in time.
CCP 3	When the family's economic welfare was totally dependent on the business, the family business decision makers were less biased by socioemotional considerations.
CCP 4	The family and the family business context influence the socioemotional priorities and they evolved over time, responding to the changes in the context.
CCP 5	Family business entrepreneurial behaviour changes over time in response to the evolution in the family/family business priorities.
CCP 6	Factors forming the family context also gave information on the family social capital. This capital had a critical intangible value in the creation and development of these family businesses.
CCP 7	All the cases showed stronger entrepreneurial behaviour when they were managed by the founders.
CCP 8	High priority on intra-family succession aligned with stronger entrepreneurial behaviour.
CCP 9	The cultural setting had an indirect influence on family business entrepreneurial behaviour.
CCP 10	Family members' health problems were a critical factor in implementing intra-family succession.
CCP 11	Family members' health problems shaped the family/family business priorities and family business entrepreneurial behaviour.
SCP 1	Low expectation of intra-family succession aligned with weaker entrepreneurial behaviour.
SCP 2	Threat to family business continuity was explained by the family/family business context.
SCP 3	Threat to family business continuity impacted on the drivers of socioemotional wealth and business entrepreneurial behaviour.
SCP 4	The family ability to adopt a new culture was considered as part of the internal family context shaping priorities and entrepreneurial behaviour.

**Figure 5.2: Socioemotional wealth manifestation in the cross-case analysis**



**Figure 5.3: Final cross-case theorising model**

**5.4.1 Cross-case patterns 1 and 2: Family and business system overlapped, it implied that socioemotional priorities existed at both levels. The drivers of socioemotional wealth were contingent to each case at a specific point in time**

The three cases provided evidence supporting the overlap between the family and the business system. Hence, the socioemotional factors that explained the decision making existed at the two levels. They were labelled as family priorities and family business priorities to illustrate which system they were closer to. These priorities shed light on the reasons behind the strategic decision making. However, which of them was more important to each family business was contingent on the conditions existing at the specific moment when they were making the decisions.

**5.4.2 Cross-case pattern 3: When the family's economic welfare was totally dependent on the business, the family business decision makers were less biased by socioemotional considerations**

The owners of the Guerra family business developed their own professions and the business did not represent an important part of their financial support. However, in the Miller family business and Smith car smash repair business, the main owners also operated the businesses. This condition was considered to be an important variable shaping the family context. This influenced the family/family business priorities and consequently family business decision making. It was observed that the fact that the family members were part of the business operation gave them accurate knowledge and information about the business. That meant a high level of awareness about the economic cost and benefits of making decisions based on socioemotional criteria. It was considered one of the main reasons to explain why, in these cases, making decisions based on non-economic criteria was more difficult.

#### **5.4.3 Cross-case patterns 4 and 5: The family and the family business context influence the socioemotional priorities and they evolve over time in response to the changes in the context. Family business entrepreneurial behaviour changes over time in response to the evolution in the family/family business priorities**

As mentioned in pattern 2, the drivers of socioemotional wealth that explained the decision making in each family business were contingent on the conditions existing at the specific moment when the decisions were made. It was because the priorities driving the decision making were shaped by the context the family and the business were facing. Thus, family priorities and family business priorities could change over time and between different family businesses. The research showed these priorities were in general terms very homogeneous. However, their level of importance in each case and at a specific point in time could change. Similarly, it was observed that the family/family business priorities (or socioemotional wealth drivers) were the main input to family business decision making. Accordingly, understanding the changes in level of importance of these socioemotional priorities was critical for explaining the changes in entrepreneurial behaviour.

#### **5.4.4 Cross-case pattern 6: Factors forming family context also gave information on the family social capital. This capital had a critical intangible value in the creation and development of these family businesses**

Each family business had their own source of networking, family economic/emotional support, knowledge about the market, and entrepreneurial and professional experience. These factors were part of the family business context, but they also described the family social capital under which family business entrepreneurial activity was built. Family economic/emotional support was described as critical for the Miller family's business success. The Guerra family business highlighted family networking, and in the Smith family business, the founder's

experience was mentioned as very important for beginning the family business. These social and emotional factors were important strengths on which the creation of new ventures were based. They were central in the three cases in explaining the foundation of these family businesses. Similarly, they were critical assets for successful operation. Finally, they were also critical in two cases in explaining family business diversification, because the development of the new business was based on the same platform the family and the businesses provided (similar knowledge, similar customers or access to assets that only the family provided).

#### **5.4.5 Cross-case pattern 7: All the cases showed stronger entrepreneurial behaviour when they were managed by the founders**

As was mentioned in pattern 5, entrepreneurial behaviour in the three cases evolved in response to the evolution of the family/family business priorities. However, it was observed that the narratives about the founder generation were always aligned with more dynamic/stronger entrepreneurial behaviour. This observation indicates that this behaviour was directly and indirectly related to the family context. On the one hand, the founders' entrepreneurial profiles and their ability to develop the business had a direct influence on entrepreneurial behaviour, as they were part of the family social capital. The pattern above already explains the relationship between social capital and entrepreneurial behaviour in these cases. On the other hand, the dependency that all the family business founders had on the family business cash flow was considered critical for satisfying their family's needs, which was one of their main family priorities at this stage. For the two family businesses that were beyond the first generation, the founders represented a profile that they were not able to replace. The evolution of the family/family business context changed the priorities, and the lack of long-term vision about the next generation's role in the business appeared to be a pattern that inhibited entrepreneurial activity.

#### **5.4.6 Cross-case pattern 8 and single-case pattern 1: High priority on intra-family**

##### **succession aligned with stronger entrepreneurial behaviour. Low expectation of intra-family succession aligned with weaker entrepreneurial behaviour**

As mentioned above, the successor generations showed themselves to be less entrepreneurial than the founders. It was acknowledged that asymmetries in their profile (social capital) and motivations (priorities) could explain this phenomenon, at least partially. In the same way, it was observed that the decision on intra-family succession played a critical role in family business entrepreneurial behaviour.

The Smith and the Guerra family businesses provided evidence of this. In the first case, it was possible to observe the change from strong to weaker entrepreneurial behaviour. Comparing the first transition from Greg's to Thomas' leadership with what was happening at the point of data collection, the change was evident. This case narrative showed how Greg's long-term vision drove strong entrepreneurial behaviour when Thomas definitely joined the business and tacitly became the potential successor. Conversely, the family members' discourse also emphasised their conviction that Thomas' and Madeleine's children will not embrace the business activity. They thought that an exit strategy would be a good fit for them. This confirmed their low expectation of the next intra-family succession, which aligned with a weak discourse about entrepreneurial behaviour at this time.

At the Guerra family business, the picture was a bit different. In this case, the first succession was expected and the second succession was forced. The founders' vision supported strong entrepreneurial behaviour, but, when they left the business, the successor was not able to keep this family business healthy. It declined through the second generation and the family business had to face a strong crisis, which severely threatened its continuity. In this case, dynamic entrepreneurial behaviour was observed again when the third generation took control of

the family business. But this time it was centred on the priority to preserve the family heritage and avoid family business bankruptcy, which will be analysed below.

**5.4.7 Single-case patterns 2 and 3: Threat to family business continuity was explained by the family/family business context. It impacted on the drivers of socioemotional wealth and business entrepreneurial behaviour**

The Guerra family business was the only case that faced the potential total loss of the socioemotional wealth the business gave to the family. The severe business crisis they faced threatened family business continuity. Without the family business, the socioemotional wealth is gone. The crises evolved as a consequence of several changes occurring in the family and the business context, that is, the patriarch's health problems and the change in the market structure of their main business. It was observed that while this business continuity was not severely threatened, the family members' concern was on family issues and not much was done to change the path of the family business. However, when the business hit the bottom, the business owners changed their minds and major changes were implemented. In order to avoid the loss of the family heritage and keep family control of the business, they made the transition in the family business leadership. From this change, new capital contributions, innovations in the family business model and developing a new business began to appear as evidence of stronger entrepreneurial behaviour.

#### **5.4.8 Cross-case pattern 9 and single-case pattern 4: The cultural setting had an indirect influence on family business entrepreneurial behaviour. The family ability to adopt a new culture was considered to be part of the internal family context shaping priorities and entrepreneurial behaviour**

This research did not provide enough evidence to state that family business entrepreneurial behaviour and socioemotional priorities were directly driven by cultural issues. In fact, the similarities across the cases discussed in the above sections reinforce the idea that there are strong patterns shared in the three cases. The narratives did not talk much about the cultural context as a critical factor; however, some indirect connections were found. The cultural setting where the family business was functioning was an implicit demographic factor in each case, and was considered part of the family context that, as was already discussed, influenced the socioemotional priorities and the decision making. On the other hand, the Miller family business provided information to support the idea that the family's ability to adapt to a new culture was an important factor for them having entrepreneurial success.

#### **5.4.9 Cross-case patterns 10 and 11: Family members' health problems were a critical factor for implementing intra-family succession. They shaped the family/family business priorities and family business entrepreneurial behaviour**

The codes referring to family members' health problems were labelled as factors by themselves, but they were always part of the family context. In this way, it influenced the socioemotional priorities and entrepreneurial behaviour. Narrative about this appeared several times in all the cases. Accordingly, the two patterns identified from them were considered important enough to be analysed independently. The founders' health problems always brought major changes in the socioemotional priorities, and in this way impacted on the business family decision making. They were especially important in the Guerra and the Smith family businesses



in explaining the intra-family succession from the first to the second generation. This change, by itself, impacted on the family/family business priorities and consequently influenced family business entrepreneurial behaviour. Similarly, the health problems faced by Olga and Cesar were important for the Millers. It was mentioned as one of the most important reasons for deciding to sell the removal company and focusing on a less demanding family business. It was seen as a signal of weaker entrepreneurial behaviour.

### **5.5 Cross-case analysis overall conclusions**

The cross-case analysis has given support to the factors forming the socioemotional wealth construct in these cases. It also provided evidence to explain how they influence family business decision making and entrepreneurial behaviour. The analysis also shed light on why family business entrepreneurial behaviour changed over time and the role the family/family business context had in it. The findings highlighted the overlap between the family system and the business systems in the analysed cases and revealed that socioemotional priorities can exist at both levels. The analysis has given support to the importance that threats to socioemotional wealth have on family business behaviour. Importantly, this study had shown that the threat of total loss of the socioemotional wealth of the family business could come from both the internal family context and/or the external business context. The study identified the factors forming the core constructs of this research and the causal relations among them. It has also shown the indirect influence the cultural setting could have on the socioemotional priorities driving the family business decision making. Overall, the findings were quite consistent in different cultural contexts, family business generations, industries and business size.

## **Chapter 6 Conclusions, Research Limitations and Implications for Theory and Practice**

### **6.1 Introduction**

The socioemotional wealth perspective of family firms has been considered one of the most interesting theoretical perspectives for making progress in the understanding of this type of organisations (Salvato & Aldrich, 2012). It has been critical in making progress in the family firm's theory over the past few years (Schulze & Kellermanns, 2015). Based on this perspective, this research aimed to uncover the underlying meaning of socioemotional wealth and its impact on family business entrepreneurial behaviour. This study aimed to explain how family business events influence socioemotional wealth, and why family businesses need to behave heterogeneously to preserve socioemotional wealth in order to respond to the challenges imposed by the different settings these organisations face through their life cycle (Le Breton-Miller & Miller, 2013). Accordingly, in the previous chapters, the theoretical foundations, methodologies, analysis and findings of this investigation have been presented. This chapter summarises the conclusions, exposes the research limitations and discusses the implications for theory and practice of this research.

### **6.2 Single-case and cross-case overall conclusions**

This investigation considered the single analysis of three cases and then the cross-case analysis of them. The findings and conclusions provide answers to the research questions stated at the beginning of this report. Thus, the Miller family business confirmed the factor forming the socioemotional wealth construct. They were closely related to the theoretical background discussed in Chapter 2, mainly with the five factors proposed by Berrone et al. (2012). But at the same time this case study provided additional insights in relation to new factors more related to

the family than the business system. From this case study, it was possible to make a primary conclusion that the relationship between socioemotional wealth and entrepreneurial behaviour is dynamic and full of social elements that need to be observed to predict how the strategic decisions will be made. This case study provided a good picture about how different socioemotional wealth priorities can impact positively and negatively on family business entrepreneurial behaviour.

On the other hand, the Guerra family business highlighted the changing and evolving nature of family business decision making. This case confirmed the Gómez-Mejía et al. (2007) conclusion that family businesses make decisions according to the particular scenario they are facing at the decision-making moment. As a third-generation family business, the historical narrative provided information about different scenarios this firm had faced. Different leadership, the evolution in the family and the business structure, as well as the changes in the competitive scenario the family business faced were highlighted. Importantly, this case provided information about a severe business crisis that threatened family business continuity. Several researchers agree that this scenario is critical for an understanding of the behaviour of these organisations, because it (being close to bankruptcy) could mean the total loss of the socioemotional wealth the family gain from the business (e.g. Glover & Reay, 2015; Gómez-Mejía et al., 2007).

The last case study to be analysed was the Smith family business. It showed a family business that has been stable in terms of behaviour, performance and decision making over time. It confirmed the fact that the family members' priorities were based in the family system as well as in the business system. These priorities were not equally important for all the family members and evolved as a response to specific scenarios the family was facing at different points in time. This case was critical for making progress in the understanding of how the decision about dynastic succession impacts on family business entrepreneurial behaviour. Although in a

different way, this case confirmed the conclusion made by Cruz et al. (2012), that the possibility to provide family employment enhances the benefit obtained from the socioemotional endowment.

In order to make a deeper analysis of the three case studies, this research also considered a cross-case analysis. It summarised the factors forming the socioemotional wealth construct in the three cases reported. It also summarised the evidence explaining how these factors influence family business decision making and entrepreneurial behaviour. The analysis also shed light on why family business entrepreneurial behaviour changed over time and the role the family/family business context had in it. Thus, this analysis confirmed the Vardaman and Gondo (2014) proposition that socioemotional wealth priorities can sometimes be in conflict. This finding is also aligned with the Cruz et al. (2014) observation about the important moderating role played by the organisational context in the relationship between socioemotional wealth and family business behaviour. Importantly, this case study also confirmed the Zahra and Sharma (2004) view about the important influence the family dynamic has on the business decision making. The individual and cross-case analysis highlighted the overlap between the family and the business systems, revealing that socioemotional priorities can exist at both levels. It provided further insight in to the idea that family businesses are a metasystem, formed by many other subsystems, such as the family, the business and the family members (Habbershon et al., 2003; Pearson et al., 2008).

### **6.3 Responding to the research questions**

The following sections present the main conclusions obtained from this investigation. The discussion is organised in sections responding to each of the research questions presented in Chapter 1 of this document.

### **6.3.1 Socioemotional wealth influencing family business entrepreneurial behaviour**

Aligned to the central view of the socioemotional wealth perspective proposed by Gómez-Mejía et al. (2007), the within-case analyses as well as the cross-case analysis confirmed that strategic decision making and family business entrepreneurial behaviour depend directly on the socioemotional priorities held by the decisions makers. As these priorities evolve over a firm's life cycle, this research confirms the contingency theory proposition that management practice responds to the circumstances the organisation faces at the decision-making moment (Luthans & Stewart, 1977). In this way, and different to Schepers et al.'s (2014) conclusions highlighting the negative impact the priority on socioemotional wealth has on the relationship between entrepreneurial orientation and business performance, this investigation observed that the socioemotional dynamic behind family business entrepreneurial behaviour is complex and demands experiential understanding to better explain it. Thus, this investigation is aligned to Schulze and Kellermanns' (2015) claims, and makes progress in the refinement of the socioemotional wealth construct, the understanding of how it impacts on strategic decision making and the incorporation of context for describing the social and emotional dynamic supporting family business entrepreneurial behaviour.

The Smith family business case study provided evidence showing that the priority for dynastic succession is a critical factor driving dynamic entrepreneurial behaviour. Previous works have provided insight about the central role played by this dimension (transgenerational intention) on socioemotional wealth formation and family firms' strategic decision making (e.g. Dou et al., 2014; Zellweger et al., 2012). However, this relationship has never been investigated before. The conclusions in this case confirm the findings of Cruz et al. (2012) about the positive impact the family willingness to work in the business has on the socioemotional endowment the owner family has for their business, but, additionally, the case exposes that this priority evolves as a long-term process that flows naturally from the children's needs and motivations.

The Miller family business case study provided further information to observe the change from a dynamic to a weaker entrepreneurial behaviour as a consequence of important changes in the family/family business context. Thus, on the one hand, this family business developed dynamic entrepreneurial behaviour as a response to a very adverse scenario (in economic terms) the family faced before coming to Australia. But, on the other hand, this family business also showed how the family business entrepreneurial behaviour became weaker as a response to the health problems the owners faced (while the family firm was economically healthy). This case highlighted the influence of the family dynamic on the business decisions as demanded by Zahra and Sharma (2004). Thus, the evidence from this case study shows that family context could shape the socioemotional priorities in several ways, and this could result in either a positive or negative impact on family business entrepreneurial behaviour.

Finally, the Guerra family business case study provided further support on one of the most important dimensions of the socioemotional wealth perspective. This case study showed that a threat to family business continuity is a particularly interesting scenario that resulted in this family business behaving very dynamically in terms of entrepreneurial behaviour. The priorities for keeping family control on the business and avoiding the total loss of socioemotional wealth led this family business to implement big changes, investment and strategies in order to be able to keep running the business. It confirms the conclusions supported by previous research that showed that family firms are able to make more risky R&D investment decisions when firms' performance is below expectations (e.g. Chrisman & Patel, 2012; Patel & Chrisman, 2014). It also aligned with the capital work on socioemotional wealth that concludes that family firms can be risk-willing if it allows them to preserve socioemotional wealth (Gómez-Mejía et al., 2007).

In summary, this research supported the conclusions that there are contextual factors that are critical for explaining the ability of the family business to develop dynamic entrepreneurial behaviour. Factors such as personal motivation, family emotional support, family financial

support, networking, entrepreneurial experience, family members' profile and capabilities and other social capital factors have a direct and indirect impact on family business entrepreneurial behaviour. These factors form the context surrounding the family business and explain the priorities behind their decision making.

### **6.3.2 The socioemotional wealth construct in the cases under research**

Responding to Schulze and Kellermanns (2015), this investigation makes important progress in the refinement of the socioemotional wealth construct by confirming the previous dimensions and proposing new factors. Following the ideas proposed by Miller and Le Breton-Miller (2014), in this study the dimensions behind the socioemotional wealth concept were labelled as socioemotional wealth priorities. Appendices 5.1b and 5.1c show the family priorities and family business priorities obtained from the single case analyses. These appendices also show how these priorities shape the factors forming the socioemotional wealth construct in the cross-case analysis. These factors are considered to be the drivers of socioemotional wealth that form this research core construct in the reported cases.

Compared to the construct proposed by Berrone et al. (2012), this investigation identified new factors that could drive socioemotional wealth. Avoiding family conflict, keeping family cohesion to reach common goals, protecting and giving the best to the children, satisfying family needs, being fair and protecting other family members and keeping good communication among family members were identified as socioemotional wealth priorities based at the family level in the three cases. Similarly, keeping family control of the business management and ownership, preserving the family members'/business reputation, preserving ties and trust with customers and staff, preserving the family business for the next generation, keeping the family business as a flexible workplace for the family members and keep running the business based on family values

were the factors based at the business level that formed the socioemotional wealth construct in the cases in this investigation.

In summary, this investigation concluded that the socioemotional wealth construct can be based both in the family and in the business system. It is aligned with Chua et al. (2003) who state that the interaction of the family and the business system create wealth in an idiosyncratic way that is only observed in this type of organisation. Similarly, the investigation proposed several new dimensions, most of which are aligned to the concept of family climate (Björnberg & Nicholson, 2007), and also provided further support to other research that has highlighted the priority the family puts on the critical goals of providing job places and career opportunities for the family members, and preserving family harmony (e.g. Chrisman et al., 2012; Goel et al., 2013; Vandekerckhof et al., 2015).

### **6.3.3 The evolution in the importance of the socioemotional wealth priorities**

This research made important progress in explaining why the socioemotional wealth construct is different depending of the case under study and at various points in time. While the three case studies confirmed a strong pattern in terms of the factors forming this construct, they also confirmed that the priorities forming it are contingent to each case at specific moments in time. It confirms previous research that concluded that socioemotional wealth could evolve over the family firm's life cycle (Le Breton-Miller & Miller, 2013), and also provides empirical support to Miller and Le Breton-Miller's (2014) proposition that the drivers of socioemotional wealth are usually different among family firms and even among family members. This research also makes progress in exposing the social dynamic behind the evolution and idiosyncrasies of this construct. From the analysis of the three cases, it can be concluded that their socioemotional priorities evolved in response to the changes in the family/family business context. For example, when the Guerra family business faced strong financial difficulties, the priority for keeping



family control arose as the most important; however, while the family business was able to support financial losses and no other family member was interested in taking over the business, the main priority was avoiding family conflict and supporting/protecting other family members.

### **6.3.4 Impact of the change in the socioemotional wealth priorities on firms'**

#### **entrepreneurial behaviour**

Similar to the conclusions stated by Strike et al. (2015), this work provides evidence that socioemotional wealth priorities evolve over time, and impact on the family's strategic decision making. As Cruz et al. (2014) demonstrate, family business decision makers can be focused on different socioemotional priorities, depending on whether they are primarily responding to internal or external stakeholders, and impacting on the firm's behaviour in terms of Corporate Social Responsibility. Something similar happened with the family business entrepreneurial behaviour of the family businesses analysed and reported here. This case-based research concluded that some socioemotional priorities have a positive impact on the firm's entrepreneurial behaviour, while others have a negative impact. For example, the priority for dynastic succession positively impacts on family business entrepreneurial behaviour. Similarly, keeping family control on the business becomes the main priority when the continuity is threatened, which impacts positively on entrepreneurial behaviour. Conversely, it was observed that factors such as avoiding family conflict and/or being fair/protecting other family members' impacts negatively on the family business entrepreneurial dynamic.

The observations above make important progress on the initial conclusion about risk-taking (entrepreneurial behaviour) provided by Gómez-Mejía et al. (2007). The conclusions obtained from this investigation show that close observation is required of the scenarios where socioemotional priorities are in conflict (Vardaman & Gondo, 2014), because whatever the most important priority is will be critical in explaining family firms' entrepreneurial behaviour.

Similarly, it is possible to conclude that the family/family business social dynamic is central to shaping the relationship between context, socioemotional wealth priorities and entrepreneurial behaviour.

### **6.3.5 The relationship of family climate to socioemotional wealth**

In this investigation, most of the socioemotional wealth factors based in the family level present a narrative close to the family climate construct. It is different to what was expected based on the theoretical background about this point. The only article directly studying family climate under the socioemotional wealth perspective suggests that it is an independent variable that helps to explain the priority the firms place on non-financial goals (Cabrera-Suarez et al., 2014). Other theoretical and empirical studies provide support in the same way, suggesting that family climate could be an external factor (context) that explaining the socioemotional wealth formation (e.g. Zellweger & Dehlen, 2012).

Thus, contrary to previous research, this investigation suggests that priorities such as avoiding family conflict, keeping family cohesion to reach a common goal, support among family members, being fair/protecting other family members and keeping good communication among family members are a clear indication that family climate dimensions could be an expression of the socioemotional priorities the family business owners want to preserve when making business decisions. In summary, based on this investigation, it is possible to conclude that family climate could represent a socioemotional priority by itself, instead of being an external factor influencing the family firms' priority on non-financial goals. As these results are not completely aligned to previous investigations, the way family climate is related to socioemotional wealth should be studied in future research in order to solve this controversy.

### **6.3.6 Factors expressing family climate in the cases under research**

The previous section mentioned family priorities that are related to the family climate concept. These priorities were obtained from the cross case-analysis; however, the narrative in each case provided particular insight about this point. For example, in the Miller family business, case factors such as the priority for keeping the family united, making decisions under agreement, avoiding family conflict, being cohesive and looking after each other were seen as indicators of the importance family climate has for the owners of this family business. Similarly, in the Guerra family business case, the importance of family climate was related to the drivers of socioemotional wealth expressing the priority for supporting the family goals, preserving the communication among family members, avoiding conflict among family members, fairness with the family and supporting/protecting other family members. Finally, although the Smith family business was not as clear as the other cases on how family climate impacts on the family business entrepreneurial behaviour, they also mentioned several factors that expressed their concern about it. In this case, the importance of family climate was mainly expressed in the value they put on providing emotional support for the family and business leader and having open communication channels where they listen to each other's opinion. In summary, these socioemotional wealth priorities expressing family climate are related to the family system, and their narrative is aligned to the theoretical background discussed about this point, particularly with the dimensions proposed by Björnberg and Nicholson (2007).

### **6.3.7 Threats to the socioemotional wealth priorities and its impact on family business entrepreneurial behaviour**

This research supports the conclusion that different contextual conditions could represent a threat to any of the socioemotional wealth priorities expressed by the family business decision makers in these case studies. It represents an important progress for this theoretical perspective

because, until now, threat to socioemotional wealth has been assessed only in relation to family control and reputation (e.g. Berrone et al., 2010; Gomez-Mejia, Campbell, et al., 2014). In the cases studied, it was observed that each socioemotional wealth driver gets greater priority when it was threatened. Thus, for example, when the Miller family business faced severe problems as a couple, solving it and avoiding family conflict become their main priority. On the other hand, when the Guerra family business faced strong financial problems and the family business continuity was threatened, keeping the family control on the business became the main priority. In this case, it was also observed that while the family business was able support the financial problems and the main contextual issue was the health problems faced by the matriarch, the family owner gave priority to avoiding conflict among family members and supporting/protecting the other family members' welfare. The Smith family business confirmed the same pattern. In this case, it was observed that Thomas' interest in taking over the family business led his parents to put priority on intra-family succession, but it changed over time because, at the data collection moment, none of Thomas' children had considered the family business as an option for professional development. In summary, the conclusions from analysis above is that threat to socioemotional wealth is not only related to reputation or family control. The three cases analysed in this research confirmed that any of the socioemotional wealth priorities could be threatened. Accordingly, the greater the threat to one specific priority, the greater the importance it has for the decision making.

### **6.3.8 Threat to family business continuity (closure due to poor financial performance) and its impact on family business entrepreneurial behaviour**

A scenario where the business continuity is in danger could be considered the most important threat to the family business, because it could imply the total loss of the socioemotional wealth for the family (Gómez-Mejía et al., 2007). In this investigation, only the

Guerra family business case provided a setting that addressed the research question related to this point. In this case, it was observed that when the financial crisis threatening the business continuity was at its worst, the family business owners changed their priorities and made important changes to keep the business safe. At that moment, the family business owners decided to remove the second-generation manager and gave the opportunity to another person from within the family to take over the business. They supported his plans to implement a new business strategy, make important investments and reorganise the business process. It represented a significant change in the conservative behaviour this family business had shown previously, as they became more aggressive and dynamic in terms of entrepreneurial behaviour. The observations in this case aligned with previous research about this point (e.g. Glover & Reay, 2015), and confirmed that threat to the family business continuity has a positive impact on family business entrepreneurial behaviour.

### **6.3.9 Cultural differences relate to socioemotional wealth priorities and firms'**

#### **entrepreneurial behaviour**

This investigation was defined as a cross-cultural study of the underlying meaning of socioemotional wealth and its impact on family business entrepreneurial behaviour. Accordingly, three different cultural settings were incorporated into the research. Australian families doing business in Australia, Chilean families doing business in Chile and Chilean families developing businesses in Australia provided the three settings. Based on endowment theory, which suggests that attachment to personal positions vary between cultures (Zellweger & Astrachan, 2008), it was expected the cultural setting would influence socioemotional wealth priorities and entrepreneurial behaviour in the cases included in this investigation. However, the research did not provide strong evidence to support this idea. On the contrary, the three cases showed strong patterns in the factors forming the socioemotional wealth construct and the way they impact on

entrepreneurial behaviour. Thus, it was not possible to state a direct connection explaining differences in the socioemotional wealth formation as a consequence of cultural issues.

Importantly, on this point, the Miller family business shed light on the idea that the family's ability to adapt to a new culture was a critical factor for them having entrepreneurial success or failure. It was not considered to be an indicator that cultural setting played a role in the socioemotional wealth formation. On the contrary, it was seen that the family's ability to adapt to a new culture was a critical resource and part of the family social capital that contributed to this family's business entrepreneurial success (Arregle et al., 2007; Habbershon & Williams, 1999). This ability was also observed as the personal motivation the family members had for their family business ahead. Thus, it was observed that the ability to adopt a new culture could have an indirect influence on the socioemotional wealth priorities and family business entrepreneurial behaviour.

#### **6.4 Implications for theory and practice**

The findings and conclusions of this investigation have important implications for theory and practice. The investigation contributed to research in the socioemotional wealth arena, and also provided insight for practitioners who will be able to better incorporate non-economic benefits and costs in their decision making. The implications are discussed below.

##### **6.4.1 Implications for theory**

The conclusions obtained from this investigation have important implications for the theory of family firms, because they contribute to one of the most prolific and challenging perspectives about these organisations (Salvato & Aldrich, 2012; Schulze & Kellermanns, 2015). Although the socioemotional wealth perspective of family firms has been implemented to explain family business decision making, only one study has been undertaken to understand their

entrepreneurial behaviour based on this perspective (Schepers et al., 2014). Thus, this investigation contributes knowledge about the dynamic behind socioemotional wealth formation, the factors (priorities) capturing this wealth and the way it impacts on family business strategic decision making, and specifically their entrepreneurial behaviour.

The methodological process followed by this investigation is also critical for the richness of the theoretical contributions of this investigation. Because of the qualitative nature of this work and the way the researcher involved himself with the family businesses under study, the conclusions and findings not only show how the constructs under study were formed, but also the complex social and emotional processes supporting the relationship between them. It provided an understanding of how and why the socioemotional priorities and the family firms' entrepreneurial behaviour varied at different points in time. It also provided information on how and why different events impact on the factors forming the family/family business context, as well as how and why they impact on the socioemotional wealth priorities and the firms' entrepreneurial behaviour. This methodological process is in line with the recommendations of Welch et al. (2011), De Massis and Kotlar (2014) and Yin (2014).

This study provides support for the five dimensions forming the socioemotional wealth construct proposed by Berrone et al. (2012). However, it also makes progress identifying new factors that should be considered part of it. Similarly, and aligned with the ideas provided by Zahra and Sharma (2004) and Pearson et al. (2008), this research differentiates those factors supported in the family system from those based in the business system. It also aligns with the conclusions of Le Breton-Miller and Miller (2013) in confirming that socioemotional wealth could evolve in terms of intensity and also in the way it is expressed (socioemotional priorities) at different points in time. It has important implications for theory, because it would impact on how socioemotional wealth should be assessed in the future.

This study confirmed the importance that dimensions related to family climate have on family business emotional endowment. Aligned with the construct proposed by Björnberg and Nicholson (2007), the investigation makes progress in the understanding of how family climate is related to socioemotional wealth and family business entrepreneurial behaviour. The conclusions of this study show that family climate could be an important family and organisational goal. Accordingly, the dimension behind this construct could also be part of the family socioemotional priorities, idea that is supported by previous studies that concluded that preserving family harmony is an important goal for creating non-economic wealth in family businesses (e.g. Chrisman, Chua, & Zahra, 2003; Sharma et al., 1997). These conclusions have implications for theory because they suggest that family climate should be assessed in a different way (directly as part of the construct) than has been done in previous studies on socioemotional wealth (e.g. Cabrera-Suarez et al., 2014).

Another important implication of this study is related to how threats to socioemotional wealth should be researched. Previous investigations have indirectly assessed threats to socioemotional wealth measuring variables, such as the probability of failure and business performance below expectation, to indicate the level of risk the family has of losing socioemotional wealth (e.g. Gómez-Mejía et al., 2007; Patel & Chrisman, 2014). These studies implicitly indicate that socioemotional wealth losses are primary related to the potential loss of ownership and/or control of the management of the family business. However, socioemotional wealth construct is formed also by several other dimensions, such as identification of the family members with the firm, binding social ties, emotional attachment of the family members and so on (Berrone et al. 2012). This investigation showed that threat to any of the socioemotional wealth priorities should be studied, because it would help to explain the importance each of these priorities has on the decision making. This matter has important implications for theory because



it highlights the need to look for new or different mechanisms for the assessment of threat in relation to each socioemotional wealth priorities.

In summary, this study has important implications for the development of the socioemotional wealth perspective of family firms. As this investigation confirmed the dynamic nature of socioemotional wealth, new research should be aware of this point when assessing this construct and analysing how it is related to strategic decision making and business behaviour. Similarly, the study emphasises the critical role played by the contextual conditions under which family firms make strategic decisions, which indicates that consideration of a firm's setting is central when making conclusions based on this theoretical perspective. Finally, it proposes that new research on socioemotional wealth will benefit from incorporating new methodologies that complement the traditional view about these firms.

#### **6.4.2 Implications for practice**

The socioemotional wealth perspective of the family firm represents a big change in the paradigms under which these organisations are managed (Gomez-Mejia et al., 2011; Salvato & Aldrich, 2012). Accordingly, it has significant implications in the management practice supporting the strategic decision making in these organisations. The conclusions of this study suggest that family business managers (family members or non-family members) should not only be aware of the financial performance of their business, but they should also be aware of the socioemotional benefit and cost their decisions have for the family owners. Family members with influence in the business decision making and the managers running the daily activities in these organisations should balance socioemotional and economic wealth in order to create lasting success, and guarantee the satisfactions of all the firm's stakeholders. This view about the family firm wealth creation process opens a new world in terms of what value creation means in this type of organisation and how it should be assessed, controlled and created. Accordingly, it

has implications in all the organisational processes, from the strategic design to the business operation and the decision implementation.

This research provides evidence proving that priorities on socioemotional wealth impact on family business entrepreneurial behaviour, which is important, because entrepreneurial behaviour shapes firms' competitiveness, growth and success (Kellermanns et al., 2008; Lumpkin & Dess, 1996). Similarly, it is acknowledged that emotional and economic wealth are in conflict most of the time, and, for this reason, it is expected that socioemotional wealth and economic performance should be negatively related (Cruz et al., 2012). It requires family business managers to be aware of this, and face the challenge to balance family/family firms' socioemotional priorities with market expectations. For this, they need to understand the family and the business context surrounding their organisations. They need to understand how it could influence owners' socioemotional motivations and business competitiveness to make the best management decisions.

In summary, understanding the relevance of socioemotional wealth, the dynamic behind its formation and the way it impacts on the decision making is relevant for managers when determining how to balance family and business. It will provide them with a different perspective of the business they lead, and they will be able to consider new criteria for their decision making that complements the traditional rational/economic view, and improves their ability to maximise the value (preserving socioemotional wealth and increasing economic wealth) for their shareholders.

## **6.5 Research limitations**

Limitations need to be acknowledged in this investigation. This study is an initial step in understanding the social and emotional process behind non-economic wealth formation. The explanation developed in the study, as well as the conclusions and the theorising process,

provided an insight into the relationship between context, socioemotional wealth priorities and entrepreneurial behaviour. However, considering the qualitative nature of the research and the characteristics of the sample, the conclusions are contingent on the cases under study. In this way, further replications would be critical for providing additional support to the findings and for developing the observations obtained from this study.

The research provided information on the factors forming the socioemotional wealth construct and how they impact on family business entrepreneurial behaviour, but it needs to be confirmed with new quantitative and qualitative research incorporating other settings and methodologies. Also, this investigation has not captured the effect socioemotional wealth considerations have on entrepreneurial behaviour when the owners have negative emotions (negative socioemotional wealth balance). Accordingly, the factors explaining negative socioemotional wealth balance are not yet clear.

Another area where these research findings were limited relate to cultural considerations. In this investigation, it was not possible to determine a direct connection explaining differences in the socioemotional wealth formation as consequence of cultural issues. However, it is not clear if the same result would be found if the cultural differences were more salient, for example, if Latin-American culture was compared with Asian culture. A final limitation observed is related to the characteristics of the sample. This study considered small and medium-sized family businesses. In this case, there was an important lack of governance structures that could limit the influence of socioemotional wealth priorities in decision making. The cases under study were almost totally exposed to the influence of non-economic interests. Accordingly, the results obtained from them could be different when family businesses with better governance standards are studied.

## **6.6 Futures research directions**

Overall, this investigation aligned with previous research on socioemotional wealth, demonstrating the great abilities these theoretical perspectives have for explaining family business behaviour. However, the understanding of how socioemotional wealth influences family business decision making and behaviour is still in its infancy. Accordingly, there are many opportunities to implement the principles behind this investigation and make contributions in the understanding of family firms.

The theoretical review discussed in Chapter 2 showed that socioemotional wealth has the potential to be implemented to explain not only family business entrepreneurial behaviour, but also any behaviour related to firms' strategic decision making. Thus, the research findings as well as the theoretical foundation discussed in this investigation could be implemented in several other themes related to family business, such as social behaviour, innovation, diversification, internationalisation and so on. In this way, it could be especially interesting to investigate the role played by socioemotional wealth in family firms' strategies when they face corporate decline or adverse scenarios as a consequence of natural disasters. It could be also interesting to use the socioemotional wealth perspective to better understand when small and medium-sized businesses undertake joint venture or collaborative work with others firms to be part of an industrial cluster.

This work focused on family businesses from Australia and Chile. Although the cultural approximation of the study is well supported from a methodological point of view, expanding the study to new cultures, such as Muslims countries, it would give a great opportunity to better incorporate the cultural context into the topic of investigation, to refine the model and to make the conclusions stronger.

Incorporating the temporal aspect of the proposed model is also an opportunity for new research. One of the most important contributions of this dissertation is the observation about the

evolution of the socioemotional wealth priorities as well as their impact on the family firms' behaviour and performance. Accordingly, future research on this specific topic is seen as a great opportunity for improving the understanding of these organisations.

As family businesses where owners express negative socioemotional wealth balance were not captured well in this investigation, it is an opportunity where new research could be done. Thus, understanding in which context family members develop a negative attachment for their business, the impact it has on the family/business socioemotional dynamic and the economic impact it could have on firms' valuation could be interesting.

Future research could also focus on validating the constructs developed in this investigation using quantitative methods, such as surveys. In the same line, multivariate analyses could be performed as part of the data analysis (e.g., factor analysis, regression analysis or structural equations modelling). The latter could be useful to provide quantitative support to the findings of this study. Quantitative research could be also performed to test the principles of this theoretical perspective in other entrepreneurial settings as family firms with better standards in terms of professionalization or governance structures.

Future research could also study issues that aroused as a consequence of this investigation. For instance, a significant and challenging new research problem is the temporal aspect of the socioemotional wealth priorities. This study proposed a model of relationships that identifies the most important drivers of socioemotional wealth, their impact on the cases entrepreneurial behaviour and the moderating role played by several contingency factors defined as internal and external context. However, there are still some questions that need to be answered, such as, how family and family business life cycles influence socioemotional wealth priorities or why the change in the context of the family/family business influences the business dynamics (e.g., entrepreneurial behaviour).

Finally, it is important to say that the socioemotional wealth perspective of family firms has the potential to become a theory in itself. Accordingly, it could open significant opportunities not only for family business research, but also for other areas within social science. The principle behind this theoretical perspective could be useful for better understanding other important family decisions, such as those related to children's education. Similarly, the priority for preserving reputation could be implemented on research about ethics, and the concept about identity could help to better explain people's behaviour in their social groups.

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## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings<sup>34</sup>

Nº	Authors	Journal	Type of article/methodology	Construct definition	Finding/contributions
1	Gómez-Mejía et al. (2007)	Administrative Science Quarterly	Quantitative research. Sample: 1237 family owned at some point from 1944 to 1988.	Family control (on the business): socioemotional wealth (SEW). Probability of failure: threat to SEW (moderator). SEW is used as dependent and independent variables.	SEW is the reference point for decision making. Decision makers act to preserve SEW. They can be risk-willing or risk-averse, depending on what allows them to preserve socioemotional wealth.
2	Berrone et al. (2010)	Administrative Science Quarterly	Quantitative Research based on 194 firms from 1998 to 2002.	SEW used as independent variable. Family ownership control and family management control were used as variables to measure it.	To protect socioemotional wealth, FB pollute less than non-family business (NFB).
3	Stockmans et al. (2010)	Family Business Review	Quantitative based on a survey. Cross-sectional. Final sample 132 cases.	Generational stage, family members managing the business, family managers in the top management team (TMT) used as expressions of the SEW. Probability of organisational failure used as threat to SEW.	Socioemotional wealth may play a role in upward earnings management when firm performance is poor. To preserve SEW, first-generation and founder-led family firms seem to have a greater incentive to engage in upward earnings management.
4	Gomez-Mejia et al. (2011)	Academy of Management Annals	Theoretical discussion based on literature review.	SEW is analysed as an independent variable. How different non-economic factors influence management process in family firm. Different contingency variables are proposed as moderators.	SEW explains differences in management processes, firm strategies, corporate governance, stakeholder relations and business venturing between family business and non-family business.
5	Cruz et al. (2012)	Journal of Business Venturing	Quantitative research. Survey implemented from 1998 to 2000. Final sample was 392 cases.	SEW is intrinsic in family members who work in the family business. Thus, it was used to analyse how family employment influences business performance. SEW was used as an independent variable.	Partially supports that in micro and small enterprises, family employment enhances the benefits derived from the socioemotional endowment associated with family labour and reduces the opportunity costs of employing relatives.
6	Zellweger et al. (2012)	Organization Science	Quantitative research. Survey. Cross sectional. Sample 1: 219 responses; sample 2: 349 responses.	Current ownership control, duration of control and intention for transgenerational control were used as independent variables to capture SEW and determine their impact on the perceived acceptable selling price.	Current control has no impact, and duration of control has a mixed impact. However, intention for transgenerational control has a consistently positive impact on the perceived acceptable selling price.
7	Kuo et al. (2012)	European Management Journal	Quantitative research based on 1550 overseas investment (492 firms) from 1996 to 2006.	Family control was used as indicator of socioemotional wealth. It was used as an independent variable.	Inexperienced family business, compared with inexperienced non-family business, prefers to choose joint ventures (JV) rather than wholly owned subsidiaries (WOS). Experienced family business are more likely to choose WOS, compared with experienced non-family business.

<sup>34</sup> A search made on the Web of Science using the words “Socioemotional wealth” OR “Socio-emotional wealth” OR “Socio emotional wealth” showed 166 results. The 61 articles that use the word in the title or abstract were content analysed. After this process, one of them was not considered in the table because of the weak relation with the core concept.

## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

N°	Authors	Journal	Methodology	Construct definition	Finding/contributions
8	Chrisman and Patel (2012)	Academy of Management Journal	Quantitative research. 8473 observations (964 firms) from 1998 to 2007. Panel data.	Family control (ownership) and family involvement used as independent variables to capture SEW. Business performance aspiration gap was used to capture threats to SEW.	FB usually invest less in research and development (R&D) than NFB. Variability in their investments are greater due to compatibility of long and short-term family goals with economic goals. When performance is below expectation, family goals and economic goals tend to converge.
9	Berrone et al. (2012)	Family Business Review	Theoretical discussion based on literature review.	Five dimensions and items are proposed as SEW construct and coined as FIBER.	SEW is the most important differentiator of the Family Firms (FF) as a unique entity. It helps to explain why FF behave distinctively.
10	Zellweger and Dehlen (2012)	Family Business Review	Theoretical discussion based on literature review.	SEW is analysed as a dependent variable. Affect Infusion Model dimensions are used as independent dimensions to explain SEW formation.	Affect related to corporate ownership influences the formation of SEW perceptions among family firm owners. Target, personal and situational features mediate the relationship between affect and SEW.
11	Cennamo et al. (2012)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	Each of the FIBER/SEW dimensions were used as independent variables to explain internal and external Proactive Stakeholders' Engagement (PSE) behaviour.	FBs are more prone to adopt PSE activities because it preserves and enhances their SEW.
12	Kellermanns et al. (2012)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	SEW construct was defined acknowledging definition and dimension in article 1 and 9 of this table. External conditions which mediate how SEW impact on PSE behaviour were analysed.	SEW can be negatively associated with PSE. SEW can have positive or negative valence. Negative SEW valence leads to family-centred behaviour, negatively affecting PSE.
13	Miller et al. (2013)	Organization Science	Quantitative research based on data from 1996 to 2000 of 898 Fortune 1000 companies.	Family ownership, managerial and generational involvement were used as proxy for SEW. They were used as an independent variable to explain strategic conformity.	Family firms are more likely to engage in strategic conformity than Non-Family Firms (NFF). The degree of strategic conformity increases with the level of family involvement. Later generations are more likely to engage in strategic conformity than the founder generation.
14	Goel et al. (2013)	Entrepreneurship and Regional Development	Quantitative based on a survey. Cross sectional. Final sample 180 cases.	Maintain family business tradition, creating/saving jobs for the family and family ownership and management were used to form the SEW construct. SEW was used as a dependent variable. Family CEO empathy and external directors (part of board) were the independent variables.	The higher the empathy level of the Family CEO, the higher the prevalence of socioemotional wealth as primary goal. It is moderated by the presence of external directors on the family business board.

## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

N°	Authors	Journal	Methodology	Construct definition	Finding/contributions
15	Deephouse and Jaskiewicz (2013)	Journal of Management Studies	Quantitative research. Survey on reputation of 197 firms. Sample: 175 per firm. Cross-sectional.	Family name in the firm name, level of family ownership and family board presence (SEW) were used as independent variables to explain corporate reputation.	Family name in the firm name was positively related to good corporate reputation. Positive relationship between level of family ownership with corporate reputation and family presence on governing with corporate reputation.
16	Block et al. (2013)	Family Business Review	Quantitative research based 1659 observations (248 firms) from 1994 to 2003. Unbalanced panel data.	Ownership, management control, founder ownership and founder manager were used as independent variables (SEW) to explain economic and technological importance of the firm's innovation.	FF receive fewer patent citations compared with (NFF) because their priority on the SEW agenda. Founder Managed Firm (FMF) receives more patents. Thus, FB engage in marginal innovation (with less economics and technological impact).
17	Kao et al. (2013)	Journal of Management & Organization	Quantitative research based on 1644 Taiwanese overseas investments (505 firms) from 1999 to 2008.	Family control is used as independent variable to capture SEW. An environmental uncertainty index was used as proxy of threat to SEW.	Firms with higher family control choose JV as the entry mode to an international market when high environmental uncertainty is perceived. When low uncertainty is perceived they prefer WOS.
18	Le Breton-Miller and Miller (2013)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	The FIBER dimensions are accepted as the key socioemotional wealth priorities.	The family involved with their business changed through different stages of the family business life. This change impacted on the SEW priorities shaping the board composition and influencing the firm's survival.
19	Naldi et al. (2013)	Entrepreneurship Theory and Practice	Quantitative research. Data panel of 8064 observations (1008 firms) from 2000 to 2008.	Having a member of the family as family business CEO was used as independent variable to capture SEW.	Having a family CEO has a positive impact on the business performance when the business operates in industrial districts. But it is opposite in context in the stock exchange markets.
20	DeTienne and Chirico (2013)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	Accept SEW definition made by Gomez-Mejia et al. (2007) and accept the FIBER proposition as important factors forming the SEW construct.	Developed propositions to explain the relation among SEW, threshold of performance and strategies used by the family business owners to exit their business.
21	Pazzaglia et al. (2013)	Family Business Review	Quantitative research based on a data panel of 1254 observations from 1995 to 2008.	If the family business was acquired by the family instead of founded or inherited and if the family business CEO was a family member or not were used as independent variables capturing SEW.	FF acquired showed lower earning quality (EQ) than non-acquired FF. The first benefited in terms of EQ with a non-family CEO, while the second performed better (in terms of EQ) when led by a family CEO.
22	Hauswald and Hack (2013)	Family Business Review	Theoretical discussion based on literature review.	Adhered to the idea that SEW is formed by several factors and acknowledged the FIBER dimensions.	Family control has positive impact on the Stakeholders' Perception of Benevolence (SPB). It can be negative if SEW is under risk.

## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

N°	Authors	Journal	Methodology	Construct definition	Finding/contributions
23	Ceja-Barba (2014)	European J. of Work and Organizational Psychology	Theoretical discussion based on literature review.	SEW is defined as the family endowment or non-financial aspects the family owner wants to preserve.	Based on previous definition of SEW proposes that this construct could be central to making progress on the Positive Organizational Scholarship (POS) concept.
24	Achleitner et al. (2014)	European Accounting Review	Quantitative research. Sample: 402 FF (2335 obs.); 436 NFF (2602 obs.) from 1998 to 2008.	Family ownership and family members' participation on the board are used as proxy independent variables (SEW). It is assumed that SEW enhances while family ownership increases.	Family business compared with NFB engage less in real earning management. Similarly, they exhibit more decreasing accrual-based earning management practices.
25	Gomez-Mejia, Cruz, et al. (2014)	European Accounting Review	Theoretical discussion based on literature review.	Acknowledged the five FIBER dimensions but focused on two of them. Control and influence and family identification.	Developed proposition to explore how the prioritisation of the family control and influence or family identification influence financial reporting (earning management and voluntary disclosure).
26	Chen et al. (2014)	Corporate Governance-an International Review	Quantitative research based on the WBES2000 survey. Cross-sectional.	Employment growth was used as dependent variable to capture family legacy and dynasty (SEW). The authors also used family control (SEW dimensions) as independent variable.	FF have lower sales growth rate but higher employment growth rate than NFF. Worse regulatory environments have a greater negative impact (on sales and workforce growth rate) in FB than NFB.
27	Patel and Chrisman (2014)	Strategic Management Journal	Quantitative research. Sample: 7341 observations (847firms) from 1996 to 2005.	Family control and family members in the TMT or board were used as independent variables. These variables identified FB from NFB and captured the SEW effect.	When performance is over expectation FB make less risky R&D investment. But, when performance is lower than expectations FB make more risky R&D investment.
28	Colombo et al. (2014)	Journal of Small Business Management	Quantitative research. Survey and archival data. Final sample 1651 cases. Cross-sectional.	Family ownership and entrepreneurial team composition (family members/non-family member/ number of family generation forming the team) were the independent variables used to capture SEW.	Entrepreneurial ventures (EV) with family ownership compared with EV without family ownership are more reluctant to fire/hire employees. The strength of this relation (firms' ownership-fire/hire employees) depends on who forms the entrepreneurial team.
29	Leitterstorf and Rau (2014)	Strategic Management Journal	Quantitative research based on 153 IPO from 2004 to 2011.	Family control (voting right over 25%) was the independent variable to capture the SEW impact on IPO underpricing.	To protect SEW family business accept higher IPO underpricing scarifying IPO proceeds compared NFB.
30	Miller et al. (2014)	Journal of Management Studies	Quantitative Research. Sample: 7149 obs. (893 FF) from 2000 to 2008.	Number of family members as Co-CEO was used to capture SEW impact on non-family CEO family business performance.	Non-family CEO shows better performance when they are controlled by several family owners and weaker when he or she has to work together with family CEOs who could be motivated by SEW priorities.

## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

N°	Authors	Journal	Methodology	Construct definition	Finding/contributions
31	Liang et al. (2014)	Family Business Review	Quantitative research. Survey (sample 902 questionnaires). Cross-sectional.	Family involvement in management (FIM) as a ratio of the TMT and family ownership (FO) as a ratio of the total shares owned by a single family were used as independent variables to assess SEW.	FIM and FO influence the family business likelihood of internationalisation in different ways. The ratio of FO has a U shaped relationship. Percentage of FIM has an inverted U shape.
32	Pukall and Calabro (2014)	Family Business Review	Systematic revision of 72 journal articles from 1980 to 2012.	Acknowledged the five FIBER proposition as the key dimension of the SEW construct.	By integrating SEW with the revised Uppsala model proposes an integrated theoretical framework on how FF internationalise.
33	Schepers et al. (2014)	Small Business Economics	Quantitative research. Survey; sample 232 questionnaires. Cross-sectional.	Four questions to capture the family priority on perpetuating the family dynasty and their ability to influence and maintain control (SEW) on the FB. Moderator (independent).	Entrepreneurial orientation (EO) improves the business performance. At FB this positive effect decreases while the priority on SEW preservation increases.
34	Dawson and Mussolino (2014)	Journal of Family Business Strategy	Systematic review of the literature.	Acknowledged the SEW definition made in the first two articles in this table. Also mentioned FIBER as SEW construct.	Conceptual model which conciliates SEW with families and the essence of the family business. Connecting the individual, business and family levels.
35	Miralles-Marcelo et al. (2014)	Journal of Family Business Strategy	Quantitative research. Data panel from 1999 to 2008. 170 private family and non-family firms.	Family control, firm CEO (founder vs other family member vs external CEO), age and size (SEW) used as independent variables. They looked to represent family influence, business identity, family priority for reputation and business continuity.	FF leadership, firm size and firm age are moderators of the positive relation between family control and firm performance. FF (mainly older and smaller) have at least the same performance as NFF. FB CEO influence on FF financial performance and risk exposure.
36	Sciascia et al. (2014)	Journal of Family Business Strategy	Quantitative research. Survey and archival data from 2000 to 2006.	Family management and generational stages were used as independent variables to capture SEW.	Family management positively impacts on firm performance (ROE) at later generational stages. Their lower focus on SEW leads to focus on improved financial performance.
37	Miller and Le Breton-Miller (2014)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	Accept previous definition on SEW construct. But mentioned for first time “use business resources to benefit family children, provide interesting careers to family members and/or satisfy family egos”.	Coined the concept SEW priorities and highlight that the context can explain them. Outcomes would hurt or help the firm’s economic performance. Mentioned problems of the SEW perspective, identified gaps and proposed a model to move forward.
38	Dou et al. (2014)	Family Business Review	Quantitative research based on a survey. Final sample: 2821 firms. Cross-sectional.	Family ownership, family management, duration of family control (direct) and next generation willingness to take over the business (moderator) were used as independent variables (SEW) to explain charitable donation behaviour.	Duration of family control and family ownership positively impacts on the firm’s charitable donations. The next generation’s unwillingness to take over the business negatively moderates the relationship between family control and charitable donation behaviour.

## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

N°	Authors	Journal	Methodology	Construct definition	Finding/contributions
39	Marques et al. (2014)	Family Business Review	Qualitative research. Multiple cases (12). Interpretative method.	Adheres to the FIBER proposition and definition of SEW. These dimensions are mentioned in these cases but with different levels of intensity.	The article illustrates the engagement of family firms in Corporate Social Responsibility (CSR). Shows the patterns of influence of family involvement in CSR.
40	Van Gils et al. (2014)	Family Business Review	Theoretical discussion based on literature review.	Acknowledged the SEW definition made in the first two articles in this table. Acknowledged FIBER as the core construct.	Stated that SEW has become the theoretical foundation which has most influenced the social issues in family business studies.
41	Cabrera-Suarez et al. (2014)	Journal of Family Business Strategy	Quantitative research. Survey. Final sample: 374 firms. Cross-sectional.	The SEW construct was built with several references from the literature. Overall these were in line with FIBER.	Evaluate how family climate impacts directly on family identification with the firm. Indirectly how it influences the priority family firms put on non-financial goals. Analyses the drivers of SEW.
42	Morgan and Gomez-Mejia (2014)	Journal of Family Business Strategy	Theoretical discussion based on literature review.	Adheres to the SEW definition made in articles one and four of this table.	Family emotions impact on and are impacted by the family business activities. Analyses outcomes, mediators and antecedents.
43	Chang et al. (2014)	International Business Review	Quantitative research. On 1237 overseas investment (428 firms) from 1998 to 2007.	Family control (share ownership) and influence (seat at the board of directors) were used to capture SEW influence on entry mode choice (internationalisation strategy).	Firms prefer (WOS) rather (JV) when entering to a new market (country) with high governance quality. This relationship is even stronger when the family control on the business is higher.
44	Minichilli et al. (2014)	Journal of Management Studies	Quantitative research. Survey and archival data. Sample: 1610 obs. (on 161 firms) from 1998 to 2007. Data panel.	A board family ratio was built to capture SEW. It was the number of board members who belong to the controlling family out of the total number of board members.	Succession strategies (relay succession, horse race among internal candidates or hiring from outside) has a positive impact on business performance. Increasing family presence on the board moderates (negatively) the positive relation between horse race/hiring from outside with firm performance.
45	Gomez-Mejia, Campbell, et al. (2014)	Entrepreneurship Theory and Practice	Quantitative research based on an unbalanced data panel of 2353 observations (from 610 firms) from 2004 to 2009.	Family control is used as proxy of SEW, (independent variable). Performance hazard was used as moderator capturing threat to SEW. Institutional investor and related diversification moderate the relation between family ownership and R&D investment.	For high tech FF. Negative relationship between family control and R&D investment was confirmed. Weak support was found to state that institutional investors weaken the previous relationship. Related diversification enhances family firm R&D investment as a moderator of the first relationship. Performance hazard enhances the impact of related diversification on R&D.



## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

N°	Authors	Journal	Methodology	Construct definition	Finding/contributions
46	Cruz et al. (2014)	Entrepreneurship Theory and Practice	Quantitative research. Unbalanced data panel of 598 firms (family/non family) from 2008 to 2012.	Family control: SEW. Governance/management practiced: social practices (SP) with internal stakeholders. Company interaction with environments/commitment with the community and customers: SP with external stakeholders. Declining performance: threat to SEW.	Because of the firm's priority on SEW preservation, FF could behave positively or negatively in terms of CSR, depending on whether they focus on external or internal stakeholders. Organisational and institution contexts moderate this relationship. Furthermore, family firms are more sensitive to performance decline.
47	Vardaman and Gondo (2014)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	Acknowledged FIBER. Builds on the literature above in this table, mainly in the previous article from Cruz et al. (2014).	SEW dimensions (maintain control and influence-internal SEW/ keep family reputation-external SEW) could be in conflict. Propose how SEW preservation could be reached under this scenario (SEW conflict).
48	Fernando et al. (2014)	Family Business Review	Quantitative research. Panel data: 2655 obs. (295 firms). 1998 to 2006.	Family control used as independent variable to capture SEW impact on institutional ownership.	Family ownership is negatively related to institutional investment. Financial regulations moderate (mitigate) the previously mentioned negative relation.
49	Jain and Shao (2014)	Family Business Review	Quantitative research. Data panel: 1023 IPO from 1997 to 2004	Family involvement (ownership and board participation) used as independent variable capturing SEW.	At post-IPO context, FF (compared with NFF) underinvest in R&D, acquisition and total investment. They overinvest in capital expenditures. In FF, R&D spending is negatively related to shareholder value, but acquisitions spending has the opposite effect.
50	Block and Wagner (2014)	Journal of Family Business Strategy	Quantitative research. Unbalanced panel data. 2128 obs. (399 firms) from 1994 to 2002.	Distinguish between family ownership and founder ownership as well as between family CEO and founder CEO to capture SEW impact (independent variables) on CSR concern.	Founder and family CEO positively impact on the CSR concern. But founder and family ownership is associated with fewer CSR concerns.
51	Marques et al. (2015)	European Journal of International Management	Quantitative research based on survey. Cross-sectional. 2658 items.	Family ownership was computed as independent variable to capture the impact of SEW on service intensity and service scope (servitisation).	In industry with low technological complexity, FF have more service intensity and similar extent of service than NFF. But in high technological complexity sectors, FF have less service intensity than NFF.
52	Faghfour et al. (2015)	Review of Managerial Science	Quantitative research. Survey. Cross-sectional. Final sample 150 firms.	Family ownership was used as independent variable to capture the SEW impact on formalised crisis procedure (FCP).	Family ownership is negatively related to FCP. Supervisory board moderates (weakens) the negative relationship between family ownership and FCP.
53	Chua et al. (2015)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	Acknowledged SEW definition made in the capital article on SEW (article 1 in this table) and the FIBER proposition in article 9 in this table.	Complements the work by Miller, D., & Le Breton-Miller, I. (2014). Opens the discussion on flows and stock of SEW benefits and their influence on firms' behaviour.

## Appendix 2.1: Articles published on socioemotional wealth: Construct definition, methodologies and findings

Nº	Authors	Journal	Methodology	Construct definition	Finding/contributions
54	Sciascia et al. (2015)	Journal of Product Innovation Management	Quantitative research. Survey, sample: 240 firms. (2000) and archival data (2000 to 2006).	Family ownership and family wealth/firm equity overlap were considered as independent variables to capture SEW impact on R&D investment.	The relationship between family ownership and R&D intensity depended on the family wealth/firm equity overlap. It is negative if most of the family wealth is invested in the FF and positive in the opposite case.
55	Kraiczy et al. (2015)	Journal of Product Innovation Management	Quantitative research. Survey (data collection: 2011-2012). Cross sectional. Final sample: 114.	Ownership by family members in the TMT and generational stage of the family firm are used as moderators of the relationship between CEO risk-taking propensity and new product portfolio innovativeness.	CEO risk-taking propensity impacts positively on new product portfolio innovativeness. A level of firm ownership on the hand of the family members TMT make the relationship weaker. The relationship is stronger in family firm at earlier generational stage.
56	Schmid et al. (2015)	Corporate Governance-an International Review	Quantitative research. Unbalanced panel data of 6205 observations (701 firms). From 1995 to 2009.	Family ownership, direct family involvement and indirect family involvement were used as independent variables to capture SEW impact on firm diversification.	FF with high levels of family ownership and no management positions have higher levels of diversification. FF with low levels of family ownership and management positions have lower levels of diversification. Family firms' tendency to diversify decreases when it has a second large stakeholder.
57	Schulze and Kellermanns (2015)	Entrepreneurship Theory and Practice	Theoretical discussion based on literature review.	SEW is a multidimensional construct. But this article states its dimensions remain undefined and unmeasured. The article acknowledged that FIBER has addressed part of this problem.	Made several suggestions to improve the SEW foundation. Suggest: (1) Re-specification of research model, (2) Improve specification on moderators, context and sample, (3) Construct clarification and its measures.
58	Strike et al. (2015)	Journal of Management Studies	Quantitative research. Panel data: 3432 observations (264 firms) from 1997 to 2009.	Family control and involvement, current/preceding/founder family CEO were used to capture SEW impact on the negative relationship between shorter career horizon and likelihood of international acquisition.	SEW priorities change through the time depending on the CEO retirement. There is negative career horizon effect on international acquisition. Its effect is weaker if the firm's CEO is a family member, if he will be succeeded by another family CEO and if the CEO is a founder.
59	Glover and Reay (2015)	Family Business Review	Qualitative research. Multiple cases (20). Exploratory/positivist theorising.	Acknowledged the core definitions made in previous articles in this table (mainly 1,2, and 9)	Family daily farms are willing to continue with their business activity despite minimal financial return. For this they follow four strategies: (1) diversifying the business, (2) maximising debt, (3) sacrificing family needs, and (4) compromising.
60	Vandekerckhof et al. (2015)	Family Business Review	Quantitative research. Survey (data collection: 2011-2012). Cross-sectional analysis. Final sample: 114.	Family tradition and character, provide job places for family members, maintain independence in ownership and management looked to capture the SEW construct. It was used as moderator.	Firm size, firm internationalisation and firm innovativeness are positively related with the inclusion of non-family members in the TMT. However, this positive relationship is moderated (the relationship becomes weaker) by SEW (when it is more important).

## Appendix 2.2: National/cultural background and type of firms in the sample used in the empirical research in Appendix 2.1

Article N <sup>o</sup> <sup>35</sup>	Title	Journal	Research sample national- cultural background		Type of firm
1	Socioemotional Wealth and Business Risks in Family-controlled Firms: Evidence from Spanish Olive Oil Mills.	Administrative Science Quarterly	Spain	Europe	Private family firms
2	Socio-emotional Wealth and Corporate Responses to Institutional Pressures: Do Family-Controlled Firms Pollute Less?	Administrative Science Quarterly	USA	North America	Public firms
3	Socioemotional Wealth and Earnings Management in Private Family Firms	Family Business Review	Belgium/ Flanders	Europe	Private family firms
5	Does Family employment Enhance MSEs performance? Integrating Socioemotional Wealth and family Embeddedness Perspectives	Journal of Business Venturing	Dominican Republic	Central America	SME family firms
6	Family Control and Family Firm Valuation by Family CEOs: The Importance of Intentions for Transgenerational Control.	Organization Science	Switzerland/ Germany	Europe	Private family firms
7	The influence of international experience on entry mode choice: Difference between family and non-family firms.	European Management Journal	Taiwan	Asia	Public firms
8	Variations in R&D Investment of Family and Non Family Firms: Behavioural Agency and Myopic Loss Aversion Perspective.	Academy of Management Journal	USA	North America	Public firms
13	Family Firm Governance, Strategic Conformity, and Performance: Institutional vs. Strategic Perspectives.	Organization Science	Fortune 1000 Data base	More than one	Large firms
14	CEO's Empathy and Salience of Socioemotional Wealth in Family SMEs: The Moderating Role of External Directors.	Entrepreneurship and Regional Development	Belgian and Dutch	Europe	SME family business firms
15	Do Family Firms Have Better Reputations than Non-Family Firms? An Integration of Socioemotional Wealth and Social Identity Theories.	Journal of Management Studies	France, Germany, India, Italy, Japan, South Korea, Sweden, UK	Europe and Asia	Large firms
16	Economic and Technological Importance of Innovations in Large Family and Founder Firms: An Analysis of Patent Data.	Family Business Review	USA	North America	Public firms
17	How Family Control Influences FDI Entry Mode Choice.	Journal of Management & Organization	Taiwan	Asia	Public firms
19	Preserving Socioemotional Wealth in Family Firms: Asset or Liability? The Moderating Role of Business Context.	Entrepreneurship Theory and Practice	Italy	Europe	Large family firms
21	Earnings Quality in Acquired and Nonacquired Family Firms: A Socioemotional Wealth Perspective.	Family Business Review	Italy/all the FF in the Italian stock market	Europe	Public trade family firms
24	Real Earnings Management and Accrual-based Earnings Management in Family Firms.	European Accounting Review	Germany	Europe	Public family firms
26	Family Control, Regulatory Environment, and the Growth of Entrepreneurial Firms: International Evidence	Corporate Governance-an International Review	6950 firms from 80 countries	Not Informed	Not Informed
27	Risk Abatement as a Strategy for R&D Investments in Family Firms.	Strategic Management Journal	USA	North America	Public family firms

<sup>35</sup> The numbers in this table are the same number as the articles in Appendix 2.1.

## Appendix 2.2: National/cultural background and type of firms in the sample used in the empirical research in Appendix 2.1

Article N°	Title	Journal	Research sample national-cultural background		Type of firm
28	Sales and Employment Changes in Entrepreneurial Ventures with Family Ownership: Empirical Evidence from High-Tech Industries.	Journal of Small Business Management	Italy	Europe	SME and large firms
29	Socioemotional Wealth and IPO Underpricing of Family Firms.	Strategic Management Journal	Germany	Europe	Public firms
30	When do Non-Family CEOs Outperform in Family Firms? Agency and Behavioural Agency Perspectives.	Journal of Management Studies	Italy	Europe	Private family firms
31	Chinese Private Firms and Internationalization Effects of Family Involvement in Management and Family Ownership.	Family Business Review	China	Asia	Private Firms
33	The Entrepreneurial Orientation-Performance Relationship in Private Family Firms: The Moderating Role of Socioemotional Wealth.	Small Business Economics	Belgium/Flanders	Europe	Private family firms
35	The Impact of Family Control on Firm Performance: Evidence from Portugal and Spain.	Journal of Family Business Strategy	Spain and Portugal	Europe	Public firms
36	Family Management and Profitability in Private Family-owned Firms: Introducing Generational Stage and the Socioemotional Wealth perspective.	Journal of Family Business Strategy	Italy	Europe	Firms with at least 50% of shares owned by one family
38	Does Family Involvement Make Firms Donate More? Empirical Evidence From Chinese Private Firms.	Family Business Review	China	Asia	Private family firms
39	The Heterogeneity of Family Firms in CSR Engagement: The Role of Values.	Family Business Review	Spain	Europe	Private firms
41	The Setting of Non-financial Goals in the Family Firm: The Influence of Family Climate and Identification.	Journal of Family Business Strategy	Spain	Europe	Private family firm
43	The Influences of Governance Quality on Equity-based Entry Mode Choice: The Strengthening Role of Family Control.	International Business Review	Taiwan	Asia	Public firms
44	CEO Succession Mechanisms, Organizational Context, and Performance: A SEW Perspective on Family-Controlled Firms.	Journal of Management Studies	Italy	Europe	Private and public large family firms
45	SEW as a Mixed Gamble: Revisiting Family Firm R&D Investments with the Behavioural Agency Model.	Entrepreneurship Theory and Practice	USA and Canada	North America	Public firms
46	Are Family Firms Really More Socially Responsible?	Entrepreneurship Theory and Practice	NI	Europe	Public firms
48	Family Firms and Institutional Investors.	Family Business Review	USA	North America	Large public trade firms
49	Family Involvement and Post-IPO Investment Policy.	Family Business Review	NI	Global data base	Public firms
50	Ownership versus Management Effects on Corporate Social Responsibility Concerns in Large Family and Founder Firms.	Journal of Family Business Strategy	USA	North America	Public firms

## Appendix 2.2: National/cultural background and type of firms in the sample used in the empirical research in Appendix 2.1

Article N°	Title	Journal	Research sample national-cultural background		Type of firm
51	Servitisation and Technological Complexity in Family and Non-family Firms: European Evidence.	European Journal of International Management	Croatia, Germany, Netherland, Spain, Switzerland	Europe	Small, medium and large firms
52	Ready for a Crisis? How Supervisory Boards Affect the Formalized Crisis Procedures of Small and Medium-sized Family Firms in Germany.	Review of Managerial Science	Germany	Europe	SME firms
54	Family Ownership and R&D Intensity in Small- and Medium-Sized Firms.	Journal of Product Innovation Management	Italy	Europe	SME firms
55	What Makes a Family Firm Innovative? CEO Risk-Taking Propensity and the Organizational Context of Family Firms.	Journal of Product Innovation Management	Germany	Europe	SME family firms
56	Family Firm Heterogeneity and Corporate Policy: Evidence from Diversification Decisions.	Corporate Governance- an International Review	Germany	Europe	Public family firms
58	Socioemotional Wealth Approach to CEO Career Horizons in Family Firms.	Journal of Management Studies	USA	North America	Public firms
59	Sustaining the Family Business With Minimal Financial Rewards: How Do Family Farms Continue?	Family Business Review	United Kingdom	Europe	Small family daily farms
60	The Effect of Organizational Characteristics on the Appointment of Nonfamily Managers in Private Family Firms: The Moderating Role of Socioemotional Wealth.	Family Business Review	Belgium/Flanders	Europe	Private family firms

### Appendix 2.3: Summary of variables (grouped as factors) to capture SEW priorities, threat to SEW, business context, family context and business behaviour<sup>36</sup>

Grouped variables in one factor	Times mentioned		Times mentioned
<b>Variables grouped as factors capturing socioemotional wealth</b>			<b>106</b>
<b>Family control on the business ownership</b>	<b>32</b>	<b>Family influence on the business</b>	<b>34</b>
Family control (ownership)	19	Family in management (CEO)	8
Current family control (ownership)	3	Family in management (TMT)	3
Level of family ownership	9	Family involvement (in management)	6
Founder ownership	1	Family presence on the board	7
		Management control	3
<b>FIBER</b>	<b>16</b>	Founder manager/CEO	4
FIBER <sup>37</sup>	15	Family members on the supervisory board	1
Family endowment	1	Number of non-family members as Co-CEO	2
<b>Family identification with the firm</b>	<b>5</b>	<b>Importance of transgenerational control</b>	<b>9</b>
FB acquired vs founded or inherited	1	Duration of family control	2
Family name in the firm name	1	Generational (family) involvement	2
Family identification	2	Intention for transgenerational control	1
Maintain family tradition and character	1	Number of family generations in the team	1
		Family dynasty (moderators)	1
		The next CEO will be a family member	1
<b>Reputation/social ties</b>	<b>3</b>	Maintain family tradition of the business	1
Focus on external vs internal stakeholders	1		
Reputation-external	1	<b>Satisfy family egos and personal goals</b>	<b>2</b>
Focus on internal stakeholders	1	Satisfy family egos	1
		Employment growth (family legacy/dynasty)	1
<b>Creating/saving jobs for the family</b>	<b>3</b>		
Family employment	1	<b>Support the children's welfare</b>	<b>2</b>
Creating/saving jobs for the family	1	Benefit family's children	1
Provide job places for family members	1	Provide interesting career for family members	1

Grouped variables in one factor	Times mentioned		Times mentioned
<b>Variables grouped as factors capturing threat to SEW</b>			<b>9</b>
<b>Firm financial performance</b>	<b>7</b>	<b>Negative evaluation on industry/market</b>	<b>2</b>
Probability of failure	1	Bad regulatory environment	1
Business performance aspirational gap	1	Environmental uncertainty index	1
Declining performance (ROA)	1		
Performance compared with expectation	2		
Threshold performance	1		
Minimal financial returns	1		

<sup>36</sup> A few variables that were mentioned only once were not possible to group as a new factor, so were not included in this table.

<sup>37</sup> Construct proposed by family control and influence, identification of the family members, binding social ties, emotional attachment of the family members and renewal of family bond through dynasty succession as the five dimensions of the SEW construct.

**Appendix 2.3: Summary of variables (grouped as factors) to capture SEW priorities, threat to SEW, business context, family context and business behaviour**

<b>Grouped variables in one factor</b>	<b>Times mentioned</b>	<b>Times mentioned</b>
<b>Variables grouped as factors capturing family business context</b>		<b>15</b>
<b>Industry/market characteristics</b>	<b>6</b>	<b>Business characteristics</b>
Industrial district vs financial sector	1	Business age
High tech industry	1	Generational stage
Industry/national CSR standard	1	Changes at different stages of the FB life
Financial regulations	1	Size
Industry technological complexity	1	Cash availability post-IPO
Industry social characteristics	1	
<b>Relevant stakeholders and strategy</b>	<b>4</b>	
Institutional investor	1	
Existence of supervisory board	1	
Existence of a second large stakeholder	1	
Related diversification strategy	1	

<b>Grouped variables in one factor</b>	<b>Times mentioned</b>	<b>Times mentioned</b>
<b>Variables grouped as factors capturing family context</b>		<b>8</b>
<b>Next generation's willingness to take over the FB</b>	<b>2</b>	<b>Business relevance for the family welfare</b>
		Family wealth/firm equity overlap
<b>Family climate</b>	<b>4</b>	Business relevance for the family welfare
Family communication	1	
Cognitive cohesion	1	
Emotional cohesion	1	
Intergenerational attention	1	

**Appendix 2.3: Summary of variables (grouped as factors) to capture SEW priorities, threat to SEW, business context, family context and business behaviour**

<b>Grouped variables in one factor</b>	<b>Times mentioned</b>	<b>Times mentioned</b>
<b>Variables grouped as factors capturing the researched behaviours</b>		<b>33</b>
<b>Internationalisation strategy</b>	<b>5</b>	<b>Corporate Social Responsibility behaviour</b>
Entry mode to a new international market	3	Charitable donations
Firms likelihood of internationalisation	1	Corporate Social Responsibility
How firm internationalises	1	Philanthropic practices
Performed international acquisitions	1	Ethical behaviour
<b>Financial reporting behaviour</b>	<b>5</b>	<b>Social engagement</b>
Real earning management	1	Corporate reputation
Upward earning management	1	Environmental behaviour (pollution)
Earning management	1	Strategic conformity
Voluntary disclosure	1	Fire/hire employees
Accrual-based earning management	1	
<b>Research and Development (R&amp;D) behaviour</b>	<b>4</b>	<b>Behaviour with stakeholders</b>
R&D investment	3	Proactive Stakeholder Engagement
R&D investment (post IPO)	1	Stakeholders' perception of benevolence
Technological importance of firm innovation	1	
<b>Acquisition and business diversification</b>	<b>3</b>	<b>Risk-taking behaviour</b>
Acquisitions investment	1	Risk-taking in R&D investment
Capital expenditures investment	1	Risk-taking behaviour
Firm diversification	1	

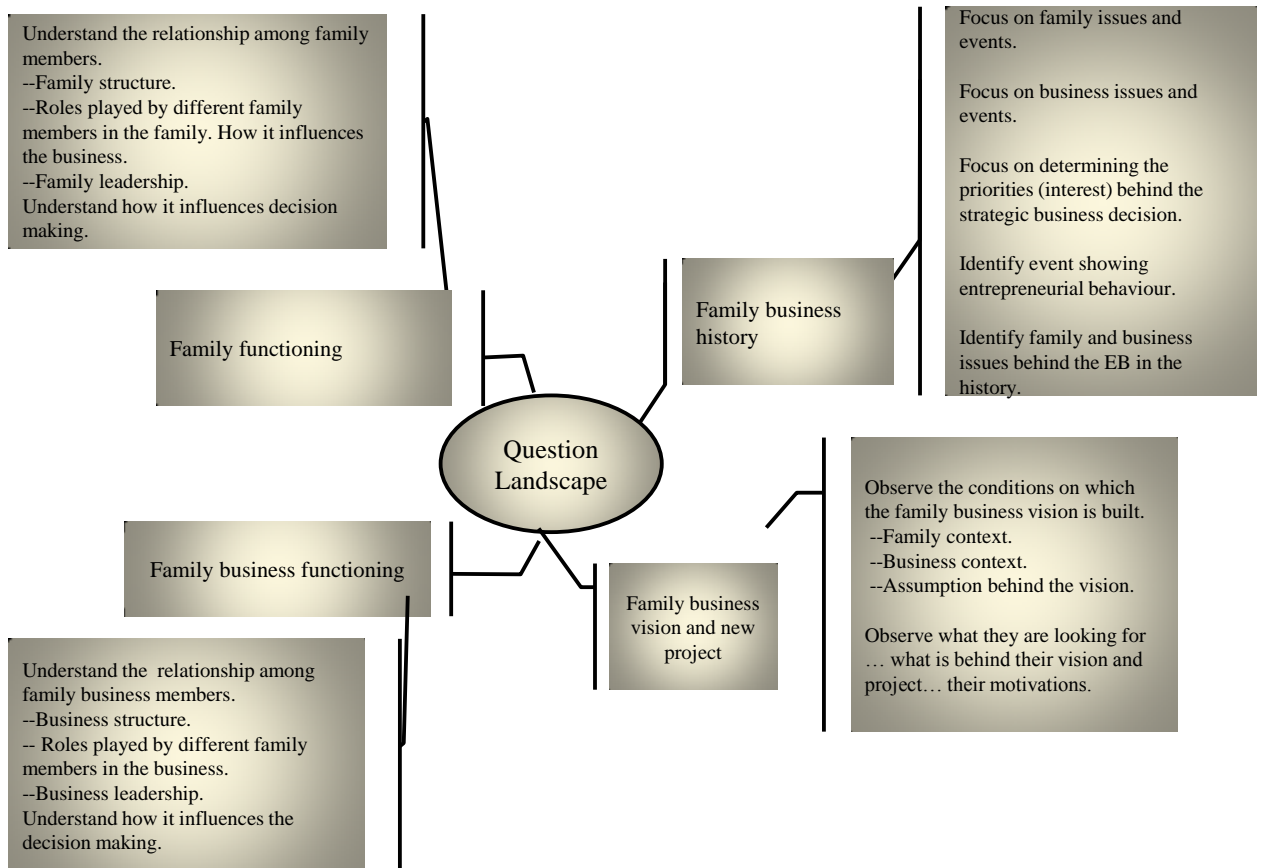
<b>Grouped variables in one factor</b>	<b>Times mentioned</b>
<b>Performance as dependent variable</b>	
<b>Business performance (direct/indirect)</b>	<b>7</b>
Business performance	4
Non-family CEO firm performance	1
Business performance as moderator	2



## Appendix 2.3: Overall Summary

<b>Variables grouped as factors capturing SEW</b>	<b>106</b>
Family control on the business ownership	32
Family influence on the business	34
FIBER	16
Importance of transgenerational control	9
Family identification with the firm	5
Reputation/social ties	3
Creating/saving jobs for the family	3
Satisfy family egos and personal goals	2
Support the children's welfare	2
<b>Variables grouped as factors capturing family business context</b>	<b>15</b>
Industry/market characteristics	6
Business characteristics	5
Relevant stakeholders and strategy	4
<b>Variables grouped as factors capturing threat to SEW</b>	<b>9</b>
Firm financial performance	7
Negative evaluation of industry/market	2
<b>Variables grouped as factors capturing family context</b>	<b>8</b>
Family climate	4
Next generation's willingness to take over the FB	2
Business relevance for the family welfare	2
<b>Variables grouped as factors capturing researched behaviours</b>	<b>33</b>
Corporate Social Responsibility behaviour	6
Social engagement	5
Internationalisation strategy	5
Financial reporting behaviour	5
Research and Development (R&D) behaviour	4
Acquisition and business diversification	3
Behaviour with stakeholders	3
Risk-taking behaviour	2
<b>Business performance (direct/indirect)</b>	<b>7</b>

### Appendix 3.1: Protocols for data collection and data analysis<sup>38</sup>.



**Figure A3.1-1: Question landscape for qualitative semi-structured interviews**

#### Questions for the in-depth interviews with owners of family businesses and their relatives

1. Would you mind describing the family business history?
2. How do you see your business in 5 years' time? And 10? And 20?
3. Are you expecting to implement a new project(s) in the future? If so, would you mind describing it (them)? How likely is the implementation of this project? Why?
4. How would you describe the functioning of the family business in terms of the decision-making process? Please can you give me an example?
5. What is the role played by each family member in relation to the decision-making process? How do you see these roles evolving in the future?

<sup>38</sup> Based on Professor Ray Cooksey's workshop on qualitative and quantitative research methods

## **Semi-structured interview guide**

Each personal interview is planned to be between 60 to 90 minutes long. An additional 30 minutes are expected to be necessary for writing additional notes on each interview. The following points are to be considered in order to better conduct the interview process:

- Arrive at least 30 minutes before to the interview in order to know it and prepare the interview according to what is planned.
- Check batteries in the digital recorder.
- Start with small talk on general themes as a way to create a more trusted and close environment.
- Ask permission to record general information about the interview, such as the code to identify the family business, and the code to identify his/her role in the family business.
- Obtain his/her informed consent for recording the interview and use the information in the research project.
- Start the interview, use open questions over the base of the landscape described above.
- Guided by the topical landscape above, use non-direct questions to keep the conversation focusing on the topical landscape already described.
- Try to keep the interviewee talking about the questions, keep listening and interrupt as little as possible. Try to keep the interview moving along.
- When the interview is finished, turn off the recorder and thank the interviewee.

In order to produce relevant field notes, the detail will be written using abbreviations and meaningful diagrams during the interview. These notes will be fully connected and completed immediately after the interview is finished. After that, further observation, self-reflection ideas on the interview and contextual notes will be written. Half an hour is required for this last process. Finally, field notes will be typed into a word document.

## **Observation session guide**

Each observation session will be planned according to the agenda of the family business owners or managers. The session will be as long as the meeting or the activity to be observed would take place.

The following points will be considered for observation sessions:

- Arrive at least 15 minute before the activity is planned.
- Check batteries in the digital recorder.
- Ask permission to record general information about the meeting.
- Obtain his/her informed consent for recording. If the answer is negative, turn off the digital recorder.
- Describe the scenario where the observation session will take place.
- Describe the context, such as family business council, family meeting or day-to-day activity.
- Keep listening and do not interrupt.
- If recording, turn off and thank participants when the activity is finished.

In order to produce relevant field notes, the details of the observation session will be written using abbreviations and meaningful diagrams. These notes will be fully connected and completed immediately after the observation session ends. After that, further observation, self-reflection ideas on the session and contextual notes will be written. Half an hour is required for this last process. Finally, field notes will be typed into a word document.

## **Transcript preparation guide**

In order to better analyse all digital recording from interviews and observation sessions, each digital recording will be transcribed into a word document, using the following guide:

- All the verbal content will be typed in exactly as heard.
- Distinguish participants according to the code previously defined. For example, owner 1, owner 2, child 1, etc.
- Use appropriate punctuation.
- Do not record pauses such as “umm”, “haaa”.
- If something is highlighted by the interviewee, type it in capital letters.
- If the use of a word or phrase seems unusual or constitutes some kind of jargon, set it off in a single quote.
- If a word or phrase cannot be understood in the recording, indicate using the symbols () at that point in the transcript; if the transcriber thinks what the word or phrase means, but he/she is not sure about it, write the possibilities inside parentheses.
- Replace any mention of another interview with that person’s pseudonym.
- Replace any mention of someone who was not interviewed with three distinct successive capital letters, such as ABC.
- Note any interruption in the process as (( )).
- Transcript file is to be labelled with their code as part of the file name.

**Field notes for semi-structured interviews and observation sessions**

Family Business Code		Date	
Role Identification Code			
Observations		Self-Reflection Ideas	
Contextual Notes			

## Appendix 3.2: Relevant ethics files



Ethics Office  
Research Development & Integrity  
Research Division  
Armidale NSW 2351  
Australia  
Phone 02 6773 3449  
Fax 02 6773 3543  
jo-ann.sozou@une.edu.au  
www.une.edu.au/research-services

### HUMAN RESEARCH ETHICS COMMITTEE

**MEMORANDUM TO:** Mr Fredy Valenzuela-Abaca, A/Prof Muayyad Jabri & Mr Orlando Llanos Contreras

#### UNE Business School

This is to advise you that the Human Research Ethics Committee has approved the following:

**PROJECT TITLE:** A Cross Cultural Study of the Underlying Meaning of Socio-emotional Wealth and its Impact on Family Business Behaviour

**APPROVAL No.:** HE13-227

**COMMENCEMENT DATE:** 01 October, 2013

**APPROVAL VALID TO:** 01 October, 2014

**COMMENTS:** Nil. Conditions met in full

The Human Research Ethics Committee may grant approval for up to a maximum of three years. For approval periods greater than 12 months, researchers are required to submit an application for renewal at each twelve-month period. All researchers are required to submit a Final Report at the completion of their project. The Progress/Final Report Form is available at the following web address:  
<http://www.une.edu.au/research-services/researchdevelopment/integrity/ethics/human-ethics/hrecforms.php>

The NHMRC National Statement on Ethical Conduct in Research Involving Humans requires that researchers must report immediately to the Human Research Ethics Committee anything that might affect ethical acceptance of the protocol. This includes adverse reactions of participants, proposed changes in the protocol, and any other unforeseen events that might affect the continued ethical acceptability of the project.

In issuing this approval number, it is required that all data and consent forms are stored in a secure location for a minimum period of five years. These documents may be required for compliance audit processes during that time. If the location at which data and documentation are retained is changed within that five year period, the Research Ethics Officer should be advised of the new location.



Jo-Ann Sozou  
Secretary/Research Ethics Officer

I wish to invite you to participate in my research project, described below.

My name is Orlando Llanos Contreras and I am conducting this research as part of my PhD at UNE Business School, University of New England. My supervisors are Dr Fredy-Roberto Valenzuela and A/Professor Muayyad Jabri.

### **Research Project**

A Cross Cultural Study of the Underlying Meaning of Socio-emotional Wealth and its Impact on Family Business Behaviour

### **Aim of the research**

The research aims to better understand the family climate and regional culture as determinants for socio-emotional wealth creation and family business behaviour.

### **Case study**

I would like to conduct a case study research based on your family business. The investigation will include face-to-face interviews, observation sessions and analysis of available documents related to your family business. The interviews will take approximately 90 minutes. With your permission, I will make an audio recording of the interview to ensure that I accurately recall the information you provide. Following the interview, a transcript will be provided to you if you wish to see one.

### **Confidentiality**

Any information or personal details gathered in the course of the study will remain confidential. No individual will be identified by name in any publication of the results. All names will be replaced by pseudonyms; this will ensure that you are not identifiable.

### **Participation is voluntary**

Please understand that your involvement in this study is voluntary and I respect your right to withdraw from the study at any time. You may discontinue the interview at any time without consequence and you do not need to provide any explanation if you decide not to participate or to withdraw at any time.

### **Questions**

The interview questions will not be of a sensitive nature: rather they are general, aiming to enable you to enhance my knowledge on how small and medium family businesses make business decisions.

### **Use of information**

I will use information from the case studies as part of my doctoral thesis, which I expect to complete in November 2015. Information from the interview may also be used in journal articles and conference presentations before and after this date. At all times, I will safeguard your identity by presenting the information in a way that will not allow you to be identified.

### **Upsetting issues**

It is unlikely that this research will raise any personal or upsetting issues but if it does you may wish to contact Lifeline Australia on 13 11 14



### **Storage of information**

I will keep hardcopy recordings and notes of the interview in a locked cabinet at the researcher's office at UNE Business School, University of New England. Any electronic data will be kept on a password protected computer in the same school. Only the research team will have access to the data.

### **Disposal of information**

All the data collected in this research will be kept for a minimum of five years after successful submission of my thesis, after which it will be disposed of by deleting relevant computer files, and destroying or shredding hardcopy materials.

### **Approval**

This project has been approved by the Human Research Ethics Committee of the University of New England (Approval No HE13-227, Valid to 01/ 19/2014).

### **Contact details**

Feel free to contact me with any questions about this research by email at ollanosc@myune.edu.au or by phone on 02 6773 4556.

You may also contact my supervisors. My principal supervisor's name is Dr Fredy-Roberto Valenzuela and he can be contacted at fvalenz2@une.edu.au or 02 6773 2054 and my co-supervisor's name is A/ Professor Muayyad Jabri and he can be contacted at mjabri@une.edu.au or 02 6773 2051.

### **Complaints**

Should you have any complaints concerning the manner in which this research is conducted, please contact the Research Ethics Officer at:

Research Services  
University of New England  
Armidale, NSW 2351  
Tel: (02) 6773 3449 Fax: (02) 6773 3543  
Email: ethics@une.edu.au

Thank you for considering this request and I look forward to further contact with you.

Regards,

Orlando Llanos Contreras

**CONSENT FORM**  
**FOR**

Research Project:

A Cross Cultural Study of the Underlying Meaning of Socioemotional Wealth and its Impact on Family Business Behaviour

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I,....., have read the information contained in the Information Sheet for Participants and any questions I have asked have been answered to my satisfaction.

**Yes/No**

I agree to participate in this activity, realising that I may withdraw at any time.

**Yes/No**

I agree that research data gathered for the study may be published using a pseudonym.

**Yes/No**

I agree that I may be quoted using a pseudonym.

**Yes/No**

I agree to the interview having my audio recorded and transcribed.

**Yes/No**

I would like to receive a copy of the transcription of the interview.

**Yes/No**

I am older than 18 years of age.

**Yes/No**

.....  
Participant Date

.....  
Researcher Date

## Appendix 4.1: Miller family business factors

### Appendix 4.1a: Factors under the family and family business profile

	Total	Cesar Interview	Olga Interview	Cesar and Olga Interview
<b>FAMILY MEMBERS' BACKGRAUND AND FAMILY BUSINESS CAPABILITIES</b>				
Patriarch entrepreneurial profile				
Learn to live from personal failure	6	6	0	0
Become stronger learning from failure	1	1	0	0
Enjoy thinking on new ideas	9	9	0	0
I love changes and making business decisions by myself	1	1	0	0
Do not think on what I reach or what I have	1	1	0	0
Focus on what I can do for the future	1	1	0	0
Try again and again when you fail	3	3	0	0
Do not enjoy working as an employee	5	5	0	0
Ability to find business opportunities	4	4	0	0
I like and enjoy my work as an entrepreneur	3	3	0	0
	<b>34</b>	<b>34</b>	<b>0</b>	<b>0</b>
Family members' complementing capabilities and attitude to the business				
Family ability to learn from failure	1	1	0	0
Child does not know what they like to be yet	2	2	0	0
Child helps in the family business	1	0	1	0
Child takes part in the family business dynamics	8	2	6	0
Complementing each other	11	5	6	0
	<b>23</b>	<b>12</b>	<b>13</b>	<b>0</b>
Family's previous experiences				
Facing critical conditions	2	2	0	0
Facing almost total loss	2	2	0	0
Failed completely many times and started again	2	2	0	0
Started many businesses	2	2	0	0
Previous experience as family undertaking business	1	0	1	0
Learn from family experience on business	8	5	0	3
	<b>17</b>	<b>13</b>	<b>1</b>	<b>3</b>
Family support for the business start up				
Business opportunities through family and business connections	2	2	0	0
Economic support from the family	6	3	1	2
Intangible family support	4	2	1	1
Start giving services his brother did not give	1	0	0	1
	<b>13</b>	<b>7</b>	<b>2</b>	<b>4</b>
Mother manager/sales-service profile				
Lack of previous experience as an entrepreneur	2	0	2	0
Friendly, be close to customers	2	0	2	0
Enjoy previous experience on small-scale sales	3	0	3	0
	<b>7</b>	<b>0</b>	<b>7</b>	<b>0</b>
Owner's entrepreneurial experience				
Previous experience undertaking and running business	3	2	0	1
A lot of experience starting up and running business	3	3	0	0
	<b>6</b>	<b>5</b>	<b>0</b>	<b>1</b>

## Appendix 4.1b: Factors under the family priorities

	Total	Cesar Interview	Olga Interview	Cesar and Olga Interview
<b>FAMILY PRIORITIES</b>				
Keeping the family united				
Stay together	9	4	3	2
Stay close to the family	2	0	0	2
Hard to leave the family alone	4	1	0	3
Share with the family	3	0	3	0
I did not want to lose my family	1	1	0	0
	<b>19</b>	<b>6</b>	<b>6</b>	<b>7</b>
Making decisions under agreement				
Ability to accept criticism from each other	1	1	0	0
Talk a lot with children	1	1	0	0
Take important decisions under agreement	7	5	1	1
Ask the other one's opinion	2	0	2	0
	<b>11</b>	<b>7</b>	<b>3</b>	<b>1</b>
Avoiding family conflicts				
Fear of losing the family/ children	2	2	0	0
Fear to fail as a family	1	1	0	0
Each day harder to live as family	1	1	0	0
Conflicts and problems every day	5	5	0	0
	<b>9</b>	<b>9</b>	<b>0</b>	<b>0</b>
Being cohesive				
Supporting each other	7	1	4	2
Push together to the same goal (cohesion)	2	1	1	0
	<b>9</b>	<b>2</b>	<b>5</b>	<b>2</b>
Looking after each other				
Work together, protecting and looking after each other	3	1	2	0
Love and look after the other	2	0	2	0
Trust each other	1	0	1	0
	<b>6</b>	<b>1</b>	<b>5</b>	<b>0</b>
Giving the best for the child				
I expect my child to go to the university	2	0	2	0
Sad to not give the child the future they deserve	1	0	1	0
Look for the best for the child	3	0	3	0
	<b>6</b>	<b>0</b>	<b>6</b>	<b>0</b>
Satisfying family needs				
I do not care what business the money came from	2	2	0	0
Going into business to meet the family's needs	2	2	0	0
My interest in business is to satisfy the family's needs	1	1	0	0
	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>

### Appendix 4.1c: Factors under family business priorities

	Total	Cesar Interview	Olga Interview	Cesar and Olga Interview
<b>FAMILY BUSINESS PRIORITIES</b>				
<b>Preserving ties and trust with customers and staff</b>				
I like to grow and influence others	2	2	0	0
Staff can make day-to-day decisions the same as we can	1	1	0	0
Internal and external non-economic benefits	2	2	0	0
I like when people who work with us learn	1	1	0	0
People who work with us can learn to make good decisions	1	1	0	0
Enjoy business and be in contact with people	1	0	1	0
Long-term ties with customers	3	0	3	0
Ties and friendly relationships with staff	1	0	1	0
	<b>12</b>	<b>7</b>	<b>5</b>	<b>0</b>
<b>Managing the business based on family values</b>				
Focus on moral and ethical considerations	1	1	0	0
Moral, practical and economic sustainability	1	1	0	0
Life spiritual values	5	5	0	0
Making money cannot be your main goal	2	2	0	0
	<b>9</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>Guaranteeing flexibility/freedom the business provides to the family</b>				
I love the freedom and the non-routine nature of this job	2	2	0	0
I like my child to be proud and happy	1	1	0	0
I like my child to be free	1	1	0	0
Be free in what you do	1	1	0	0
	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>
<b>Preserve the reputation that makes the family feel proud of their business</b>				
Happy with what we have done	1	0	1	0
Proud of what we have done and achieved	2	1	1	0
Personally proud of doing new things	1	1	0	0
	<b>4</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>Keeping family control on their business</b>				
Keep the business under family control and family management	4	0	3	1
	<b>4</b>	<b>0</b>	<b>3</b>	<b>1</b>

## Appendix 4.1d: Factors under entrepreneurial behaviour

	Total	Cesar Interview	Olga interview	Cesar and Olga Interview
<b>ENTREPRENEURIAL BEHAVIOUR</b>				
Looking for a less demanding businesses				
Looking for business where it is easier to make money	6	3	1	2
Sell a profitable business	6	2	1	3
Sell a business to support new investment	3	1	2	0
	<b>15</b>	<b>6</b>	<b>4</b>	<b>5</b>
Risk-taking behaviour				
Averse to high debt	2	1	0	1
Nothing to lose in making this decision	2	0	2	0
Ability to take high debt	1	1	0	0
Averse to taking risks	2	0	1	1
Take calculated risks	5	3	2	0
	<b>12</b>	<b>5</b>	<b>5</b>	<b>2</b>
Commitment to developing the family business project				
Working hard all together as a family	5	1	2	2
Looking for their own family business project	1	1	0	0
Feel ready to be the entrepreneur of a new family project	4	4	0	0
Commit everything we have	1	0	0	1
	<b>11</b>	<b>6</b>	<b>2</b>	<b>3</b>
Positive attitude toward business activity				
Expected to open new shops	1	0	1	0
Positive attitude to face weaknesses	2	0	0	2
Positive attitude to face difficulties at the beginning	2	0	2	0
Positive attitude to face hard work	5	0	4	1
	<b>10</b>	<b>0</b>	<b>7</b>	<b>3</b>
Intention to keep growing the business safely				
Fear of making big decisions	1	0	1	0
Fear to start new big projects	3	0	3	0
Buy the estate assets and stop renting	2	0	2	0
Keep growing based on what we have and our know-how.	2	0	2	0
	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>
Innovation in the business model operation				
Ability to adapt to changes: improving and investing	2	2	0	0
Changes in business operation	1	0	1	0
Improve the business model and operation	2	0	0	2
Optimising business operations	1	0	1	0
	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>

### Appendix 4.1e: Other unrelated factors

	Total	Cesar Interview	Olga interview	Cesar and Olga Interview
<b>POSITIVE AND NEGATIVE EFFECTS OF THE ENTREPRENEURIAL ACTIVITY ON THE FAMILY</b>				
Have fun working on our family business	2	2	0	0
Have fun working hard all together	2	0	0	2
Working together the relationship improves a lot	1	1	0	0
Health problems	5			
Business and family stress from business activity	2	1	0	1
Fiscally/family demanding business	7	6	1	0
	<b>19</b>	<b>13</b>	<b>1</b>	<b>5</b>
<b>FAMILY ABILITY TO ADOPT A NEW CULTURE</b>				
Different cultural views	2	1	1	0
Hard to adapt to different cultural system	8	5	2	1
	<b>10</b>	<b>6</b>	<b>3</b>	<b>1</b>
<b>RELEVANT THREAT TO THE BUSINESS</b>				
Prices going down	1	0	0	1
Hard to find skilled workers	6	1	0	5
	<b>7</b>	<b>1</b>	<b>0</b>	<b>7</b>
<b>FAMILY BUSINESS PERFORMANCE</b>				
Things become easier	1	0	0	1
Working less	1	1	0	0
Slower growth	2	2	0	0
Less business activity	0	0	0	0
Things start to going well by themselves	2	1	0	1
	<b>6</b>	<b>4</b>	<b>0</b>	<b>2</b>

## Appendix 4.2: Guerra family business factors

### Appendix 4.2a: Factors under the family and family manager profile

	Total	Hector Interview	Eduardo Interview	Pedro- Pablo Interview	Pedro Interview
<b>FAMILY PROFILE</b>					
Founders' complementing profile					
Complementing role and profile in the couple	6	0	0	6	0
Matriarch health problems	4	0	1	0	3
Saleswoman and control wife profile	4	0	0	4	0
Personal entrepreneurial profile	3	0	0	2	1
Entrepreneurial spirit	1	1	0	1	0
	19	1	1	13	4
Lack of interest in being involved in the family business					
Lack of interest from other family members to manage the FB	16	3	0	8	5
Lack of involvement	2	0	1	1	0
	18	3	1	9	5
Ability of the family/family business to start up the business based on their know-how					
FB support to start new business	5	1	1	2	1
New business ideas based on personal and family knowledge	5	0	0	1	4
Family entrepreneurial background	3	0	0	2	1
Learning/knowledge development from the business activities	2	0	1	0	1
Personal know-how to start new business	2	0	0	0	2
	17	1	2	5	9
Strong third-generation family business manager profile					
Able to made decisions although it brings minor family problems	5	0	0	0	5
Personal context when taking the FB management	5	0	0	0	5
High personal commitment	2	0	0	0	2
Good or bad frame of mind	1	0	0	0	1
Because of personal problems, less focus on the business	1	0	0	0	1
	14	0	0	0	14
Weak second-generation family business manager profile					
Low commitment to FB management	9	1	0	1	7
Low motivation	2	2	0	0	0
Different vocation	1	1	0	0	0
	12	4	0	1	7
Lack of long-term vision					
Not expecting growth	4	0	1	3	0
New business as response to market opportunities	2	0	0	1	1
No clear vision	2	0	0	2	0
Priority on saving	1	1	0	0	0
	9	1	1	6	1
Family ability to develop business based on their networking					
Business opportunities based on family networking	3	2	0	1	0
Start a new business on basis of the current FB customers	3	1	0	0	2
	6	3	0	1	2



## Appendix 4.2b: Factors under the family priorities

	Total	Hector Interview	Eduardo Interview	Pedro-Pablo Interview	Pedro Interview
<b>FAMILY PRIORITIES</b>					
Support the family goals					
Children support development of the family businesses	13	7	0	3	3
Children support in the FB activities	3	0	0	3	0
Teamwork between parent and children	3	2	0	1	0
Teamwork between parents	2	2	0	0	0
Brothers' teamwork to implement new investment	1	1	0	0	0
	<b>22</b>	<b>12</b>	<b>0</b>	<b>7</b>	<b>3</b>
Preserve the communication among family members					
Lack of communication between generations	9	7	0	2	0
Lack of communication among brothers and sisters	2	1	0	1	0
Parents and children share the family business ideas	2	2	0	0	0
Difficult to ask forgiveness between generations	1	1	0	0	0
	<b>14</b>	<b>11</b>	<b>0</b>	<b>3</b>	<b>0</b>
Avoid conflict among family members					
Avoid family conflict	3	2	0	0	1
Respect the matriarch figure	3	0	3	0	0
Avoid conflict with the matriarch	3	0	1	1	1
Priority on family harmony	1	1	0	0	0
Respect the opinion of whoever was leading the business	1	0	0	1	0
	<b>11</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>2</b>
Preserve the son's welfare and reputation					
Fear that FB harm his child	4	4	0	0	0
Worry about what brother thinks of my son	2	2	0	0	0
Worry about the risk the child is taking	2	2	0	0	0
Interest on protecting the child from failure	1	1	0	0	0
Protect children from health problems and stress because of the FB	1	1	0	0	0
	<b>10</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>
Priority in fairness with the family					
Worry about what family thinks about my work and decisions	6	2	0	0	4
Priority on not harming the family when supporting my child	3	2	0	1	0
	<b>9</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>4</b>
Priority to support and protect the other family members					
Avoid hurting the brother's/uncle's feelings	4	0	0	0	4
Altruistic decision to support the weakest child	3	1	0	1	1
Respect and compassion among brothers and sister	1	0	0	0	1
	<b>8</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>6</b>

## Appendix 4.2c: Factors under the family business priorities

	Total	Hector Interview	Eduardo Interview	Pedro- Pablo Interview	Pedro Interview
<b>FAMILY BUSINESS PRIORITIES</b>					
Preserving the family business and the family members' reputation					
Priority on being fair with all the family	9	3	0	0	6
Always meet the FB financial commitments	6	1	5	0	0
Be transparent	4	3	1	0	0
Preserve family business name in the community	3	1	2	0	0
Preserve the family/ family business reputation	3	0	0	0	3
	<b>25</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>9</b>
Preserving the family heritage (tangible/intangible)					
Preserve tangible family heritage	7	3	0	1	3
Preserve non-economic benefit the business gives to the family	5	0	5	0	0
Fear that the children fail	4	4	0	0	0
Avoid the business activity hurting the family	2	1	1	0	0
Protect child from risk he is taking	1	1	0	0	0
	<b>19</b>	<b>9</b>	<b>6</b>	<b>1</b>	<b>3</b>
Keeping control of the family business					
Distrust of non-family managers	4	2	2	0	0
Look for independence on decision making	3	2	0	0	1
Keep the business in the family hands	3	0	3	0	0
	<b>10</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>1</b>
Leaving the family business to the next generation					
Interest in leaving the FB to the next generation	5	5	0	0	0
Support child into the FB without hurting the rest of the family	4	3	1	0	0
	<b>9</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>
Keeping close ties and commitment with workers					
Workers' loyalty	2	0	1	1	0
Support workers when necessary	2	0	0	2	0
Workers are an extension of the family	2	0	1	1	0
Workers' salaries must be paid even with personal money	1	0	1	0	0
	<b>7</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>0</b>

## Appendix 4.2d: Factors under family business entrepreneurial behaviour

	Total	Hector Interview	Eduardo Interview	Pedro-Pablo Interview	Pedro Interview
<b>FAMILY BUSINESS ENTREPRENEURIAL BEHAVIOUR</b>					
Slow speed to implement changes and make business decisions					
Gradual joining of a new generation in the business activities	5	0	0	1	4
Opportunity given when responsibility has been shown	5	0	4	0	1
Non-planned/ non-organised management succession	4	0	0	3	1
Changes implemented when it was the only way to go	4	1	3	0	0
Final succession implemented when it is clearly the best	4	0	1	1	2
Business decisions not made for emotional reasons	3	0	3	0	0
Changes must be subtle	2	0	0	0	2
Firing workers just because there is not another option	2	0	2	0	0
	<b>29</b>	<b>1</b>	<b>13</b>	<b>5</b>	<b>10</b>
Investment and development of new business					
Developing new market/business	5	0	5	0	0
Developing new business model	5	1	4	0	0
Open new business and integrating all of them	4	0	0	3	1
Flexibility and ability to respond to customers	2	0	2	0	0
New investment to improve the FB	1	1	0	0	0
	<b>17</b>	<b>2</b>	<b>11</b>	<b>3</b>	<b>1</b>
Risk-taking behaviour (prone/aversion)					
Look to share risk and profit	8	8	0	0	0
Dividend policy based on what is safe for the FB	5	0	2	0	3
Divergent willingness to take risk through generations	4	1	1	0	2
	<b>17</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>5</b>
Tendency to manage the family business on a daily basis					
New projects only as ideas	6	2	1	1	2
Focus on the FB demand today	5	0	0	0	5
No clear ideas about what they want for future	3	0	0	3	0
	<b>14</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>7</b>
Operational improvement implemented in the business activity					
Small improvement in business	3	0	3	0	0
Improve selling process	3	0	3	0	0
Improve what the FB is offering	2	1	1	0	0
Improvement in financial control	2	0	2	0	0
New entrepreneurial leadership	1	0	1	0	0
Innovation in the services offered by the FB	1	0	0	0	1
	<b>12</b>	<b>1</b>	<b>10</b>	<b>0</b>	<b>1</b>

## Appendix 4.2e: Additional factors mentioned in this case

	Total	Hector Interview	Eduardo Interview	Pedro Pablo Interview	Pedro Interview
<b>ADDITIONAL FACTORS</b>					
Poor management practices that led the family business into a serious crisis					
Non-clear leadership on decision making	6	0	2	1	3
Lack of control	5	0	0	4	1
Lack of management/people stealing/disorganisation	5	1	3	0	1
Management by intuition	3	1	2	0	0
Lack of trusted information	3	0	3	0	0
	<b>22</b>	<b>2</b>	<b>10</b>	<b>5</b>	<b>5</b>
Strategies to manage a strong business crisis					
Try to sell/rent the FB	4	1	1	0	2
Before sold look for alternative strategies	2	0	0	2	0
Close and sell the most important family business	1	0	0	1	0
Pay all the FB debt with their own money	1	0	1	0	0
Put personal funding into supporting the family business	3	0	3	0	0
Family looks for changes under crisis scenarios	4	1	2	0	1
Give the opportunity to a family member	2	0	0	0	2
Respond to threat of new competitors	1	0	0	0	1
	<b>18</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>6</b>
Family business performance					
Poor performance	10	1	2	1	6
Biased perception of the FB Value	4	0	4	0	0
Improve economic performance	2	0	2	0	0
Happy with current performance	2	2	0	0	0
	<b>18</b>	<b>3</b>	<b>8</b>	<b>1</b>	<b>6</b>
Tendency to compensate economic cost with socioemotional benefit when making decisions					
Give value to the trust the family manager gives	1	0	0	1	0
Accept special/adverse condition just because of the family	5	1	1	0	3
Delay business decisions for emotional reasons	4	0	2	0	2
Accept less income than what is deserved	4	4	0	0	0
	<b>14</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>5</b>

## Appendix 4.3: Smith family business factors

### Appendix 4.3a: Factors under the family and family manager profile

	Total	Steve Interview	Thomas and Madeline	Thomas Interview	Madeline Interview
<b>FAMILY/FAMILY BUSINESS PROFILE</b>					
Family members influencing the second-generation manager decisions					
Wife's strong influence on decision making	4	0	0	3	1
Mother's opinion critical on important decisions	3	0	0	3	0
Balanced/complementing family/family business roles	2	0	0	0	2
Strategic decision influenced by his mother and his wife	2	0	0	1	1
Mother still having influence on important decisions	2	0	0	1	1
Non-formal but tacit wife influence	1	0	0	1	0
	<b>14</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>5</b>
Third-generation interests and abilities					
Third-generation abilities and know how	3	3	0	0	0
Children are not interested in being part of the family business	3	0	0	3	0
Children doing their own career	3	0	0	0	3
Children have not expressed interest in family business involvement	2	0	0	2	0
Children looking for a safe job (third)	1	1	0	0	0
Children not convinced to be part of the FB management	1	1	0	0	0
	<b>13</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>3</b>
Positive family environment					
Admiration and respect	3	3	0	0	0
Supportiveness and respect	1	1	0	0	0
Keep talking with his sisters	1	0	0	1	0
Good relationship with brother and sister	1	0	0	1	0
Excellent relationship with father	1	0	0	1	0
Trust among siblings	1	0	0	0	1
Keep considering the opinion of brother and sisters	1	0	0	1	0
	<b>9</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>1</b>
Second-generation family business leader					
Leadership on the eldest second-generation child	4	0	0	3	1
Today new ideas came from the FB leader	2	0	0	0	2
Manager's independence and support in decision making	1	0	0	0	1
Manager's entrepreneurial spirit	1	0	0	1	0
	<b>8</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
Founder's entrepreneurial profile					
Founder's entrepreneurial spirit	2	0	0	2	0
Started the business with a friend from the industry	1	0	0	0	1
Experience as spray painter	1	0	0	1	0
	<b>4</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>

### Appendix 4.3b: Factors under the family priorities

	Total	Steve Interview	Thomas and Madeline	Thomas Interview	Madeline Interview
<b>FAMILY PRIORITY</b>					
Support children's personal/professional projects					
Let the children follow their own track (second generation)	6	0	1	2	3
Support the children to build their own track	5	1	4	0	0
Do not put pressure on children to be involved with the FB	5	1	1	0	3
Fear that children will regret involvement in the FB	3	0	3	0	0
Children follow their own path/ motivation first generation	4	0	0	4	0
Do not feel pressure to take part in the FB	2	2	0	0	0
	<b>25</b>	<b>4</b>	<b>9</b>	<b>6</b>	<b>6</b>
Third-generation priority on new challenges					
Child wants to build his own path (third generation)	5	5	0	0	0
Want to look for new challenges	4	4	0	0	0
Look for a challenging job	3	3	0	0	0
Explore unknown job opportunities	2	2	0	0	0
Challenge his own potential	2	2	0	0	0
Avoid the stressful FB job	1	1	0	0	0
	<b>17</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>
Family emotional support for the family/family business leader					
Mother supports her husband's decision making	4	0	0	2	2
The family supporting the business project	3	0	3	0	0
Wife moral support for the decision making	3	0	0	0	3
Children support their parents FB work	2	1	0	0	1
Connection and supporting the FB work	1	1	0	0	0
Wife's involvement and support	1	0	0	0	1
Supporting father's work critical driver for joining the FB	1	1	0	0	0
	<b>15</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>7</b>
Flexibility to respond to the family needs					
Flexibility to fit home and work	5	0	5	0	0
Looking for time for the family	1	0	0	0	1
Flexibility to fit work and pleasure	1	0	1	0	0
	<b>7</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>1</b>
Listen to each other's opinion					
Communication about family businesses ownership decisions	2	0	0	2	0
Talk with father about business decisions	1	0	0	1	0
Conversation about business future	1	0	0	1	0
Talk a lot with his wife about/ she is the main support	1	0	0	1	0
Discusses the ideas with his wife	1	0	0	0	1
Takes into consideration family opinion	1	0	1	0	0
	<b>7</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>1</b>

### Appendix 4.3c: Factors under the family business priorities

	Total	Steve Interview	Thomas and Madeline	Thomas Interview	Madeline Interview
<b>FAMILY BUSINESS PRIORITIES</b>					
Looking for a long-term exit strategy instead of intra-family succession					
Thinking on next succession	3	0	0	3	0
Long-term exit options	3	0	0	3	0
Think of an exit strategy today	3	0	0	3	0
Looking for long-term strategies for succession	3	0	0	3	0
Keeping open to giving the chance to one of his children	3	0	3	0	0
Look for staff as potential successor	3	0	2	1	0
Rational emotional view on FB long term	2	0	0	2	0
Not worried about hiring a non-family manager	2	0	0	0	2
Succession to staff as exit strategy idea	1	0	1	0	0
Apparently open to selling the FB	1	1	0	0	0
Succession a big decision that family must think on	1	0	1	0	0
	<b>25</b>	<b>1</b>	<b>7</b>	<b>15</b>	<b>2</b>
Family business as flexible workplace for family members					
Family business as work option if it is needed	6	6	0	0	0
Flexible workplace to fit family needs	3	0	0	0	3
Limit business ability to give good job to family member	3	0	0	3	0
Family business as workplace for the family	2	0	1	0	1
Family business could be a workplace option for children for the future	1	0	0	0	1
Flexibility to look after the family	1	0	0	0	1
Family business as a way to gain professional development	1	1	0	0	0
	<b>17</b>	<b>7</b>	<b>1</b>	<b>3</b>	<b>6</b>
Keeping the business within the family					
Personal motivation to be part of the family business	4	0	0	4	0
Parents do not see their children as third FB generation	3	0	0	0	3
Feeling that children would have better future elsewhere	2	0	0	2	0
Involvement in the FB management has not been decided	1	1	0	0	0
Not thinking on children as next FB succession	1	0	0	0	1
Close relation between founder and eldest son	1	0	0	0	1
Happy to work with their children	1	1	0	0	0
Keen to work with his father	1	0	0	0	1
	<b>14</b>	<b>2</b>	<b>0</b>	<b>6</b>	<b>6</b>

### Appendix 4.3c: Factors under the family business priorities (continued)

	Total	Steve Interview	Thomas and Madeline	Thomas Interview	Madeline Interview
<b>FAMILY BUSINESS PRIORITIES</b>					
Close involvement and trust the family has with workers					
Thinking on key worker as possible successor	5	0	0	5	0
Think on a worker as partner for sentimental reasons	2	0	0	2	0
Incorporate non-family members in the FB ownership/management	2	0	0	2	0
Feel committed with employees	1	0	0	1	0
Trust on workers	1	0	0	1	0
	<b>11</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>
Family identification with the business					
Pride in the family business	3	0	1	2	0
The business is a big part of the family	2	2	0	0	0
Keep following the founder's vision	2	0	0	2	0
Implementing the founder's vision	1	0	0	0	1
Keep implementing the business model vision	1	0	0	1	0
Family identification with the business from the beginning	1	0	0	1	0
	<b>10</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>1</b>
Family control of the family business management					
Keep family control of the business	4	0	0	4	0
Selling the business was not an option	1	0	0	1	0
Protectiveness running the FB in his own way	1	0	0	0	1
Reluctant to leave the FB	1	1	0	0	0
	<b>7</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>1</b>
Keep the family business reputation					
Committed to respond to their customers	3	0	0	3	0
Response to all the consumers' demands	2	0	0	2	0
Put away business option because of the FB reputation	1	0	0	1	0
Being environmentally friendly	1	1	0	0	0
	<b>7</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>0</b>



### Appendix 4.3d: Factors under family business entrepreneurial behaviour

	Total	Steve Interview	Thomas and Madeline	Thomas Interview	Madeline Interview
<b>FAMILY BUSINESS ENTREPRENEURIAL BEHAVIOUR</b>					
Growing and investing slowly but constantly					
Investment and growing	4	1	0	1	2
Business built up progressively	2	0	0	1	1
Keep technology up-to-date	2	0	1	0	1
Plans to diversify the service the business is offering	2	0	0	2	0
Improve position in service they are able to offer	2	0	0	2	0
Take the opportunity to implement the business vision	1	0	0	1	0
Keep investing in technology	1	0	0	0	1
Investment implementation through stages	1	0	0	0	1
	<b>15</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>6</b>
Protecting the family from business risk					
No problems about borrowing affordable amount of money	3	0	0	0	3
Risk and debt management	2	0	0	2	0
Stop project to avoid financial risk	1	0	0	0	1
Most of the debt in business operation	1	0	0	1	0
Concern about the business/industry risky	1	0	0	1	0
Avoid exposing the family to risky business scenarios	1	0	0	1	0
Worry about the high turnover	1	0	0	1	0
Not worried about borrowing money to improve business position	1	0	0	1	0
Considering doing something on a smaller scale	1	0	0	1	0
	<b>12</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>4</b>
Focus on running the day-to-day family business activities					
Focus on the day-to-day business	5	0	3	0	2
Focus on the operation not on the business	3	0	0	1	2
Do not have time to make plans	1	0	0	1	0
Well organised day-to-day business operation	1	0	0	1	0
	<b>10</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>4</b>
New venture creation					
Splits because different views	2	0	0	1	1
Not seriously thinking on new entrepreneurship	2	2	0	0	0
Started the business in a friends partnership	2	0	0	1	1
Parent started the business	1	0	0	1	0
	<b>7</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>2</b>

### Appendix 4.3e: Additional factors mentioned in Smith family business

	Total	Steve Interview	Thomas and Madeline	Thomas Interview	Madeline Interview
<b>ADDITIONAL FACTORS MENTIONED IN SMITH FAMILY BUSINESS</b>					
Lack of decision about going to the third FB generation					
Not defined the long-term position on the FB	3	0	0	0	3
Decision on future succession has not been done yet	2	0	2	0	0
Thinking of incorporating the third generation into the FB	2	0	0	2	0
Lack of conversation about the FB long term	2	1	1	0	0
Discouraging children to be involved to the family business	2	0	0	2	0
Any children following their father footsteps	1	0	0	0	1
Do not know if involving his children	1	0	0	1	0
	13	1	3	5	4
Natural first succession process					
Second-generation manager progressively involved	3	0	1	1	1
Natural succession	3	0	0	3	0
Succession just happened naturally	2	0	0	1	1
Mentoring from father to oldest child	2	0	0	2	0
Grew up knowing the business	2	1	0	1	0
Co-managing founder and son	1	0	1	0	0
	13	1	2	8	2
Pessimistic view of the industry where the family business competes					
Market controlled by few customers	2	0	0	2	0
Negative view on the future of the industry	2	1	0	1	0
Negative vision on doing business	2	0	0	2	0
Hard to find qualified workers	2	0	0	0	2
Not confident of the health of the market	2	0	0	2	0
Market attractiveness going down	1	0	0	1	0
	11	1	0	8	2
Available to quit the family control on the business					
Apparently open to selling the family business	4	0	0	4	0
Thinking of workers as long-term partners	3	0	1	2	0
Potential buyers already identified	3	0	0	3	0
	10	0	1	9	0
Conflicting view about where the family business should be heading in the future					
The idea of changing the business model	2	0	0	2	0
Changing the business model can be profitable	2	0	0	2	0
Conflicted about where moving forward	2	0	0	2	0
Changed business model needs educating of the customer	1	0	0	1	0
Concern about decisions for the future	1	0	0	1	0
	8	0	0	8	0
Pessimistic view about the ability the family business has to guarantee the third-generation welfare					
FB is seen as a stressful job	3	2	0	0	1
Business dominates family life	2	0	0	1	1
Low confidence in the market evolution	2	0	0	2	0
Not worry not be involved	1	0	0	1	0
	8	2	0	4	2
Family business performance					
Strong business position in the market	1	0	0	1	0
The business has grown dramatically	1	1	0	0	0
Succeeded in implementing their business model	1	0	0	1	0
Healthy business	1	0	0	1	0
	4	1	0	3	0

## **Appendix 5.1: Cross-case family business factors**

### **Appendix 5.1a: Cross-case family/family members' profile and capabilities**

#### **Family/family members' profile and capabilities**

##### **Capabilities and interests of the successor generation**

- Strong profile of the third-generation family manager
- Weak profile of the second-generation family business manager
- Third-generation interests and abilities
- Second-generation family business leader

##### **General family environment (climate)**

- Positive family environment
- Lack of long-term vision

##### **Family support and cohesion behind the family business**

- Family support to start up the business
- Lack of interest in involvement in the family business ( R )
- People influencing the second-generation manager's decisions

##### **Founders' complementing capabilities and profile**

- Family members' complementing capabilities and attitude to the business
- Founders' complementing profile
- Management/sales-service person profile

##### **Entrepreneurial founder**

- Founder's profile
- Patriarch's entrepreneurial profile

##### **Family/family business social capital**

- Family's previous experiences
- Owner's entrepreneurial experience
- Ability to develop business based on family networking
- Ability to start business on family/family business know-how

## Appendix 5.1b: Cross-case family priorities

### Cross-case family priorities

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#### **Avoid family conflicts**

- Avoid family conflicts
- Avoid conflict among family members

#### **Keep the family cohesion to reach common goals**

- Being cohesive
- Keeping the family united
- Third-generation priority on new challenges ( R)

#### **Support among family members**

- Family's emotional support for the family/family business leader
- Supporting the family goals
- Look after each another

#### **Protect and give the best to the children**

- Support children's personal/professional project
- Interest on giving the best to the children
- Preserve the son's welfare and reputation

#### **Satisfy family needs**

- Flexibility to meet the family's needs
- Satisfy the family needs

#### **Be fair and protect other family members**

- Priority in fairness with the family
- Priority in supporting and protecting the other family members

#### **Keep good communication among family members**

- Listen to each other's opinion
- Communication among family members
- Make decisions under agreement

## Appendix 5.1c: Cross-case family business priorities

### Cross-case family business priorities

#### **Keep family control of the business management and ownership**

Family control of the family business management

Preserve the family business control

Keep family control of the business

#### **Preserve the family members/business reputation**

Proud of the family business

Preserve the family business and the family members' reputation

Keep the family business reputation

#### **Preserve ties and trust with customers and staff**

Ties and trust with customers and staff

Keep close ties and commitment with workers

Close involvement and trust with workers

#### **Preserve the family business for the next generation**

Leave the family business to the next generation

Preserve the family heritage (tangible/intangible)

Keeping the business within the family

Look for a long-term exit strategy instead of intra-family succession (R )

#### **Keep the family business as a flexible workplace for the family members**

Flexible workplace for family members

Flexibility/freedom given by the business to the family

#### **Keep running the business based on family values**

Business sense of identity

Manage the business based on family values

## **Appendix 5.1d: Cross-case entrepreneurial behaviour**

### **Cross-case entrepreneurial behaviour**

#### **Innovations in the way the business is operated**

- Business operational improvement
- Innovation in the business model operation

#### **Prone/averse risk-taking behaviour**

- Risk-taking behaviour (prone/aversion)
- Protecting the family from business risk
- Risk-taking behaviour

#### **Commitment with new ventures**

- New venture creation
- Investment and development of new business
- Commitment to developing the family business projects
- Looking for less demanding businesses (R )
- Positive attitude to facing business activity

#### **Focus on the day-to-day business activities**

- Focus on running the day-to-day family business activities
- Management of the family business on a daily basis

#### **Implementing changes, investment and/or innovations slowly**

- Slow but steady investment policy
- Slow speed in implementing changes and making business decisions
- Intention to keep growing safely

## Appendix 5.1e: Cross-case additional factors

### Cross-case additional factors

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#### **Family business performance**

- Family business performance
- Performance of the family business
- Performance of the family business

#### **Cultural adaptability**

#### **Founders' health problems**

- Effects of the entrepreneurial activity on the family

#### **Family business leader's view of the business market and the business**

- Threat to one of the family businesses
- Negative view of welfare the family business can give to the next generation
- Pessimistic view of the family business context

#### **Other family business behaviour**

- Poor management practices that led this family business into crisis
- Compensate economic cost with socioemotional benefit
- Strategies to face a strong business crisis

#### **Intention of intra-family succession**

- Natural first succession process
- Conflicted about where to move the family business in the long term
- Lack of decision about going to the third generation
- Open to leaving family control on the business