



## The setting of non-financial goals in the family firm: The influence of family climate and identification



Ma Katuska Cabrera-Suárez\*, Ma de La Cruz Déniz-Déniz, Josefa D. Martín-Santana

Universidad de Las Palmas de Gran Canaria, Edificio Departamental de Empresariales-Módulo C, Campus de Tafira, 35017 Las Palmas de Gran Canaria, Spain

### ARTICLE INFO

#### Article history:

Received 25 April 2013

Received in revised form 12 March 2014

Accepted 16 May 2014

#### Keywords:

Family firms

Family climate

Identification

Non-financial goals

TMTs

Socioemotional wealth

### ABSTRACT

The article contributes to the literature on socioemotional wealth by analysing the drivers of non-financial goals in the family firm. We draw from family system and social identity literature to analyse how family dynamics affect the setting of non-financial goals suggesting that this influence is mediated by the family's degree of identification with the firm. More specifically, we propose that a positive family climate in terms of cohesion, open communication and intergenerational attention generates a greater identification of the family with the firm. In turn, identification leads the firm to adopt value creation goals specific to the family or non-financial goals. Data obtained from 374 members of TMTs in 173 Spanish private family firms allow for the confirmation of these expectations.

© 2014 Elsevier Ltd. All rights reserved.

### Introduction

A family business can be defined as a business governed and/or managed by a dominant coalition controlled by members of the same family who shape the vision of the business with the intention of transferring it across generations of the family (Chua, Chrisman, & Sharma, 1999). Thus, the family nature of a business is essentially determined by the cultural and behavioural aspects introduced by the controlling family, whose members strive to achieve and/or maintain intra-organisational family-based relationships (Chrisman, Chua, & Steier, 2005; Litz, 1995; Zellweger, Eddleston, & Kellermanns, 2010).

Strategic decision making in family firms is strongly influenced by the family (Chrisman et al., 2005; Dyer, 2003; Rutherford, Kuratko, & Holt, 2008; Sharma, Chrisman, & Chua, 1997). For family firms the creation of value implies pursuing both economic and non-economic outcomes (Klein & Kellermanns, 2008). These non-economic (or non-financial) outcomes are basically related to family socioemotional wealth (SEW) such as the family's desire to keep control of the firm within the family, to preserve family ties and values to perpetuate the family dynasty and their lifestyle, as well as the firm's prestige and image (Berrone, Cruz, & Gomez-Mejia, 2012; Dyer, 2003; Gomez-Mejia, Cruz, Berrone,

& De Castro, 2011; Gomez-Mejia, Takacs-Haynes, Nuñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Miller, Le Breton-Miller, & Lester, 2012; Zellweger, Nason, Nordqvist, & Brush, 2013).

The SEW model was developed by Gomez-Mejia and colleagues as an extension of behavioural agency theory (Wiseman & Gomez-Mejia, 1998). This model suggests that family firms are mainly motivated by the preservation of their SEW or the stock of affect-related value, and this represents a key non-economic reference point for decision making and strategic choices (Berrone et al., 2012). The motivation of family firms to seek socioemotional or non-financial goals is one of the most prominent premises in family business literature since a greater emphasis on non-economic goals may be what differentiates family from nonfamily firms (Berrone et al., 2012; Chrisman, Kellermanns, Chan, & Liano, 2010; Gomez-Mejia et al., 2007, 2011).

However, family firms cannot be interpreted as homogenous in their emphasis on non-financial goals (Berrone et al., 2012; Miller & Le Breton-Miller, 2005; Zellweger & Dehlen, 2012). The differences among the owning families in terms of emotions and relationship patterns are one important source of the heterogeneity of family firms in terms of SEW (Berrone et al., 2012). Therefore, it is of utmost importance to the development of the field that the characteristics of the family system and their influence on aspects of SEW as a key driver of family firm behaviour be analysed (Sharma, Chrisman, & Gersick, 2012). Families are highly diverse in terms of structures, values and interaction patterns (James, Jennings, & Breitkreuz, 2012). Thus,

\* Corresponding author. Tel.: +34 928 451788.

E-mail addresses: [kcabrera@dede.ulpgc.es](mailto:kcabrera@dede.ulpgc.es) (M.K. Cabrera-Suárez), [mcdéniz@dede.ulpgc.es](mailto:mcdéniz@dede.ulpgc.es) (M.d.L.C. Déniz-Déniz), [jmartin@dede.ulpgc.es](mailto:jmartin@dede.ulpgc.es) (J.D. Martín-Santana).

family climate, ties and dynamics are a determining factor in the complex family-firm relationship and its consequences on fundamental aspects like firm management and its competitive advantage (Björnberg & Nicholson, 2007; Milton, 2008; Pieper, 2010). However, the relational perspective of family business remains underdeveloped (Milton, 2008). Therefore, research into family firms needs to provide insights on familial relationships (Pieper, 2010) that could contribute towards explaining their influence on business behaviour and specifically on the setting of family firms' goals.

On this basis, this article analyses how family dynamics affect the setting of non-financial goals in the family firm, proposing that this influence is mediated by the family's degree of identification with the firm. More specifically, we propose that a positive family climate (Björnberg & Nicholson, 2007, 2012) generates a greater degree of identification for the family members with the firm and, in turn, that identification leads the firm to adopt non-financial goals. This research aims to shed some light on questions such as why some business families, like the Bancroft family (former owners of *Dow Jones & Co*),<sup>1</sup> end up selling their legacy even when the firm is successful and family relations seem not to be especially problematic. In other words, what is the role of the family climate of relationships in the family's motivation to preserve its SEW? Is a positive family climate enough or does it take something more to make owning families preserve and promote SEW? Concretely, what we suggest is that the influence of family relations on the importance given to non-financial goals is fully mediated by the degree of identification family members have with the family firm. That is, family identification with the firm is the key to explaining differences among family firms in terms of the importance given to non-financial goals.

In this research we explicitly measure the constructs family climate, identification of the family members with the family firm and the importance TMTs of family firms place on non-financial goals in the process of decision making. Following recent recommendations in the family business field (e.g. Salvato & Aldrich, 2012) we have tried to give prominence to the family factors in our model. Thus we used a multi-respondent survey, measuring the family climate and identification constructs in reference to the relationships and perceptions of family members in the context of the family. This allows some important contributions to be made. Firstly, we contribute to the literature on SEW by providing empirical support to the idea that the identification of family members with the family firm is an important driver of non-financial goals, as has been suggested in the literature (Deephouse & Jaskiewicz, 2013; Gomez-Mejia et al., 2007). Also, we analyse the influence of family dynamics on identification, and this can contribute to research in two additional ways. On the one hand, we explain in greater depth how family dynamics affect the degree of importance family firms attribute to non-financial goals (through identification), going beyond the consideration of proxy variables such as generation in order to measure differences in family patterns (Gomez-Mejia et al., 2007, 2011). On the other hand, we contribute to the literature on social identification by analysing the influence of the personal bonds of attachment inside a social group (in this case the family) on the organisational identification of individuals (family members) (Björnberg & Nicholson, 2012; Jones & Volpe, 2011).

The following section includes the theoretical arguments of the study that allow us to link firstly, family climate to the

degree of identification family members have with the firm, and secondly, the degree of identification to the adoption of non-financial goals. The article then presents the research method and the results obtained. The final section discusses the results and their implications, as well as the limitations of the study and potential future lines of investigation.

## Theory and hypotheses

### *Family climate and identification with the family firm*

One of the few attempts to measure family functioning, specifically formulated for the field of family business, has been the study by Björnberg and Nicholson (2007) with their Family Climate Scales (FCS). Based on family psychology and family therapy literatures, these authors develop measures for several aspects of family functioning. Specifically the aspects related to emotional cohesion, cognitive cohesion, intergenerational attention and open communication are considered by these scholars as the components of a positive family climate (Björnberg & Nicholson, 2012).

Emotional cohesion is related to the strength of the emotional bond perceived by the family members. It can be seen as the emotional "glue" between relatives that is necessary for building relationships and avoiding fragmentation. Cognitive cohesion is a measure of the degree of similarity between family members' views, values, interests and tastes. Intergenerational attention reflects the degree of involvement and interest of the older generation in the activities, needs and goals of the younger generation. The way the senior generation relates to others sets the parameters of conduct for the entire family and acts as a mould for the structure of relationships inside the family. Finally, open communication has to do with the level of interaction between family members in regards to expressing opinions and taking the time to discuss issues and concerns.

One of the main functions of a family is to provide a sense of identity for its members (Kepner, 1983). Social identification is the process whereby individuals see themselves as one with a group of people who serve as a frame of reference for their values, goals and standards (Ashforth, Harrison, & Corley, 2008; Deephouse & Jaskiewicz, 2013; Nahapiet & Ghoshal, 1998). Thus, social identification captures how much the individual regards his or her fate as intertwined with a specific group in such a way that he or she experiences its success or failure as their own (Kepner, 1983). Individuals define themselves in terms of their immersion in relationships with others and derive much of their self-evaluation from such social identities (Ashforth et al., 2008; Brewer & Gardner, 1996; Fuller et al., 2006). Therefore, identification with a group involves affective and cognitive categorisation processes (Ashforth et al., 2008; Brewer & Gardner, 1996; Riketta, 2005). In this sense, we might state that social relationships and the bonds of attachment between the members of the family group (family climate) are key determinants in the construction of identity (Björnberg & Nicholson, 2012). This is so because the different aspects of a positive family climate show the degree of emotional intensity, intimacy and frequency of relations between relatives, which are the basis for a common cognitive context that provides shared meaning, understanding and purpose between family members (Carr, Cole, Ring, & Blettner, 2011; Nahapiet & Ghoshal, 1998; Pearson, Carr, & Shaw, 2008).

Individuals are more likely to adopt and reflect the attitudes of the members of their social networks when the relationships in those networks display high closure and cohesiveness, this way helping to discern a clear social identity (Jones & Volpe, 2011). For the specific case of a family, cohesion, communication and intergenerational attention are critical aspects of the family

<sup>1</sup> The Dow Jones & Company, publisher of *The Wall Street Journal*, was founded in 1882. The Bancroft family owned Dow Jones since 1902 and controlled it as a publicly traded company since 1963. The company became a subsidiary of News Corporation (controlled by the Murdoch family) after an extended takeover bid during 2007.

Download English Version:

<https://daneshyari.com/en/article/1020164>

Download Persian Version:

<https://daneshyari.com/article/1020164>

[Daneshyari.com](https://daneshyari.com)