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Beyond organizational identification: The legitimization and robustness of family identification in the family firm

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ABSTRACT

This study explores family firms using principles from Social Identity Theory. Based on a survey of 173 employees working in family firms, we examine the different effects that organizational identification and family identification have on the commitment and citizenship behaviors of family firm employees. Results indicate that family identification and organizational identification represent two different constructs that affect the behaviors of employees within family firms. In particular, family identification is positively related to commitment and citizenship behaviors. Results also indicate that this relationship is affected by membership in the owning family. Our study extends the domain of organizational identification as a construct and acknowledges the importance of considering both family and organizational identification when exploring the behaviors of employees within family firms. Implications for researchers and practitioners are discussed.

1. Introduction

Organizational identification, “the perception of oneness with or belongingness to” the organization (Ashforth & Mael, 1989:34), has been championed by researchers as a contributing factor in a number of positive behaviors exhibited by firm employees (Olkkonen & Lippinen, 2006). The development of this line of research originally described organizational identification as a single-focus construct, yet recent theoretical and empirical work has established it as a multi-foci construct. The context of the work environment provides the potential for individuals at work to develop multiple foci for identification (e.g., Ashforth & Johnson, 2001; Van Dick & Wagner, 2002) beyond a single overarching or generalized organizational identification. Commonly cited examples of additional identification foci are supervisor identification (Zhang & Chen, 2013) and workgroup identification (Ashforth, Rogers, & Corley, 2011). What is less common in this research is the consideration that organizational forms and work environments vary and this variance may provide unique targets for identification. Understanding identification in particular contexts is an important next step in the development of this construct.

It has been recognized that the family firm organizational form represents a very significant portion of businesses around the world (IFERA, 2003). A family firm is typified by significant ownership by a family unit with multiple family members involved in the firm at various levels of authority (Chua, Chrisman, & Sharma, 1999). Compared

to non-family businesses, family businesses are unique as they are influenced not only by business related activity, but also by the attitudes and values of the controlling family unit (Dyer & Dyer, 2009; Matherne, Ring, & McKee, 2011; Sundaramurthy & Kreiner, 2008). Also, family firms are heavily oriented toward long-term business success, which is often manifested through lengthy CEO tenures, families possessing large ownership stakes in their firms, and significant stocks of tacit institutional knowledge used to reduce the uncertainty of a long-term investment (Le Breton-Miller & Miller, 2006). Accordingly, family firms frequently make decisions in a collective manner with special consideration given for family member opinions and interests. This decision making style is inherently familial and is a common component of a firm's identity (Sundaramurthy & Kreiner, 2008). As such, family firms are known to focus much more significantly on the value of the firm derived by the family rather than focusing on the maximization of shareholder wealth.

Continuing to analyze what makes family firms unique is critical to understand further why these firms exist in such high rates and how they continue to outperform non-family firms under certain conditions. Considering that family firms represent a significant number of the firms in the world, it is important to understand what may contribute to or detract from these firms' ability to create competitive advantage in their respective markets. One such way to address this issue is to gain further understanding of how the family unit within a family firm affects employees. Currently, some family firm research (Klein, 2008) has

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employed social identity theory to explain how the integration of the family and the business influences employee attitudes and behavior in idiosyncratic ways (e.g. Shepherd & Haynie, 2009; Sundaramurthy & Kreiner, 2008). This line of research suggests that family firms are distinctive in that they possess a social faction (the family) which exerts significant influence over firm activities not found in other organizations (Matherne et al., 2011). It is theorized that characteristics of the family unit shape the identity of family firms which provide a potential target of identification for employees who are members of the controlling family as well as those who are not. Owing to the absence of a family unit wielding significant power within a non-family firm, this type of identification is only found in family businesses. We argue that the family unit within the firm creates an environment where a unique target for identification exists and that this identification can lead to behaviors by employees that will be beneficial to the firm (Matherne et al., 2011) and these beneficial behaviors may be difficult to copy or imitate by non-family firms. Prior theorizing indicates that identity and identification with the controlling family unit is relevant to the study of family firms (Sundaramurthy & Kreiner, 2008; Zellweger, Eddleston, & Kellermanns, 2010).

Studying identification is important as an individual's identity “serves to define and locate the entity in a network of related entities, providing a basis for action” (: 1145). Social identity researchers often study the identification(s) engendered through organizational membership (Albert & Whetten, 1985; Ashforth & Mael, 1989; Whetten, 2006). Different sources of identification exist within organizations including: co-workers, supervisor, workgroup, profession, department, and work unit (Ashforth et al., 2011; Johnson et al., 2006). Each of these unique identifications are associated with varying motivations and exchange behaviors (Flynn, 2005) and each serves as a foundation for commitment to the group or organization, and a source of motivation to act on behalf of the group or organization (Haslam & Ellemers, 2005). Given the numerous sources of identity which exist within organizations and the cross-level influence each identity has upon other identities, the degree to which individuals incorporate various identities into their own self-concept and the potential influence this creates on their actions are vital components of identification. Therefore, it is important to recognize and study the dissimilarities in the multiple identities found in organizations in order to understand how they individually impact employee behavior. However, research has yet to empirically examine identification engendered through employment in family controlled firms, which is a unique context that may provide additional dissimilarities with impact on employee actions.

If family firm employees who strongly identify with the family unit act in organizationally beneficial ways, then it is essential to determine the underlying cause(s) of this phenomenon and identify what may be done to further promote the potential for their family identification. Although prior research has explored identity in family firms conceptually, there are currently no studies which empirically test family identification (e.g., Matherne et al., 2011; Shepherd & Haynie, 2009; Sundaramurthy & Kreiner, 2008). Accordingly, the purpose of this study is to empirically examine the effect of a form of identification unique to family firms, family identification, on organizational commitment and organizational citizenship behaviors (OCBs) of family and non-family employees in a family firm. Specifically, we wish to address the following research questions: “Does employee identification with the family unit in control of the firm provide motivation for employees to uniquely exhibit various forms of positive work behavior? If so, does employee identification with the family unit in control of the firm provide motivation above and beyond the motivation resulting from organizational identification?” Also, “Are family member employees the only employees that can identify with the family unit or does this phenomenon extend to non-family employees as well?” We contend that both family and non-family firm employees may espouse identifications with either/both the controlling family and the organization resulting in increased levels of positive work behaviors for the

organization.

The current study contributes to the literature in several ways. First, findings herein add to the growing body of literature which explores the multi-foci construct of organizational identification by assessing the effects of a particular organizational form, the family business. By measuring family identification, which results from the identity created by the family unit in the firm, and empirically testing relationships with important outcomes, such as commitment and OCBs, we present evidence that identification with the family unit provides additional explanatory power in outcomes beyond that explained by the more frequently studied organizational identification. Focusing on the simultaneous effects of different types of identification within a very specific organizational form offers a unique and much needed study to show the varying influence that multiple identifications may exhibit. Second, our analysis finds that non-family members may also identify with the controlling family and engage in behaviors considered beneficial not only to the business but also to the family unit in control of the business. Taken together, our findings regarding the employee's identification with the family and the firm adds to the growing literature on sources of heterogeneity amongst family firms (Chua, Chrisman, Steier, & Rau, 2012) as well as sources of foci in the multi-foci construct of organizational identification. Lastly, our findings indicate that family identity is positively related to employee commitment and citizenship behaviors. The fact that family businesses have a base of affective attachment (family identification) separate from non-family firms further legitimizes the family firm as an organizational form. When coupled with arguments from prior research stating that the uniqueness of the controlling family's identity within a family firm is difficult to copy (Sundaramurthy & Kreiner, 2008), the findings offer scholars in the field of family business additional support to the claim that being a family business is a catalyst for gaining a competitive advantage in the marketplace. (e.g., Le Breton-Miller & Miller, 2015).

The following sections review organizational identification and family identification. Then, drawing from social identity theory, arguments are presented as to why family identification is believed to provide additional explanatory power over organizational identification's relationship with increased positive work behaviors. The final sections describe the sample including demographics and procedures used to obtain the sample, the methods utilized for analysis, results, and a discussion of what the authors believe these results mean for scholarly research and family business practitioners.

2. Background and hypotheses

2.1. Identification and its multiplicity in organizations

Humans have a basic need to see themselves in a positive manner. One way to accomplish this is through self-selection into social categories seen as prestigious or desirable. According to social identity theory (SIT), people define themselves in terms of their membership in social groups. Individuals self-select into social categories in order to enhance their self-image (Hogg & Abrams, 1988). Each social category represents a social identity that describes the attributes associated with membership in the group and prescribes how one should think, feel, and behave (Hogg, Terry, & White, 1995). An individual's social identity is described as, “that part of an individual's self-concept which derives from his knowledge of his membership of a social group together with the value and emotional significance attached to that membership” (: 63). When individuals incorporate a group's identity into their own self-identity, the group identity leads to more positive group related attitudes and encourages cooperation, collective thought and behavior, and commitment (Hogg & Terry, 2000).

An extension of social identity theory, self-categorization theory (SCT), describes the categorization process as the cognitive basis of behavior within groups (Turner, 1985). Categorization of the self into an in-group strengthens their perceived similarity to the defining

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