Beyond Money: Wealth and Wellbeing of the Business Family

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Abstract This article offers a conceptual discussion about the relationship between wealth and wellbeing of the business family. It provides a psychological perspective on ownership that explains the effect of wealth on individual and collective dimensions relevant to business families, namely psychological ownership, socioemotional wealth, and ownership competences. The study provides an integrative framework and offers propositions that illustrate the theoretical and practical implications of the model as regards the relationship between wealth and wellbeing of the business family.

Más allá del dinero: Riqueza y bienestar de la familia empresaria

Resumen Este artículo ofrece un debate conceptual sobre la relación entre riqueza y bienestar de la familia empresaria. El mismo aporta una perspectiva psicológica de la propiedad, lo que permite explicar el efecto de esta riqueza en dimensiones individuales y colectivas relevantes para las familias empresarias, a saber, la propiedad psicológica, la riqueza socioemocional y las competencias vinculadas a la propiedad. El estudio proporciona un marco integrador y ofrece proposiciones que ilustran las implicaciones teóricas y prácticas de este modelo en lo que se refiere a la relación entre riqueza y bienestar de la familia empresaria.

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1. Introduction

The connection between wealth and wellbeing is a particularly relevant topic to wealthy families, and subjective wellbeing was identified by recent research as a new way of studying the family business (Porto-Robles et al., 2022). Business families (BF) are families that own and control companies (Steier et al., 2015), and they generate wealth through a combination of resources, some of which are unique to family firms (Sirmon & Hitt, 2003). However, for those families, more fortune is not a direct predictor of more wellbeing (Carney & Nason, 2018). As prosperity increases, financial wealth becomes a more inexact predictor of wellbeing, given that individuals’ overreaching goal goes behind any economic achievement (Diener & Seligman, 2004).

A general positive connection of financial wealth and income with wellbeing and happiness has been demonstrated in psychology studies (Brozowsk & Spotton Visano, 2020; Hagerty & Veenhoven, 2003; Jantz & Veenhoven, 2019). However, this connection has a diminishing marginal utility, meaning that any extra unit of financial wealth creates less happiness than the last one. Moreover, some studies have addressed the psychological costs of the very affluent (Luthar, 2003), highlighting the dark side of material wealth (Kasser & Kanner, 2004), and showed that even inherited wealth can create suffering and psychological pathologies in the recipients (Bernhard & Labaki, 2021; Zheng, 2002). Furthermore, BF are not only concerned with making fortune in monetary forms but also with pursuing the achievement of other goals (Chrisman et al., 2003), which the literature on family business usually describes as the preservation of socioemotional wealth (SEW) (Berrone et al., 2012; Gómez-Mejía et al., 2007, 2011).

While BF pursue the creation of value aiming to a diverse set of goals that influence each other in various ways and create different forms of wealth, including financial and socioemotional (Vazquez & Rocha, 2018), the relationship between fortune and wellbeing in the BF is a rather unexplored topic. Leveraging on the authors’ experience in engaging with BF, we agree that material wealth can have both positive, although marginally diminishing, and negative effects on the wellbeing and happiness of the members of the BF (Bernhard & Labaki, 2021; Kasser & Kanner, 2004). Moreover, this article aims to explore the phenomenon to better understand the relationship of wealth and wellbeing in BF, considering the multidimensional nature of wealth in such families. To address this question, we identify the main intervening issues, integrate this conceptual body in the proposal of a framework that displays previously unexplored connections between constructs, and propose avenues for theory and practice to develop and increase the positive effects of wealth on wellbeing and happiness.

In the next section we present the key constructs identified in the literature regarding wealth and wellbeing of the BF and we propose a framework integrating those concepts. In the third section, we discuss how to manage material wealth for increasing wellbeing and happiness of the BF, and elaborate propositions that suggest lines for further research. The last section includes the concluding remarks and limitations of this study.

2. Research Design and Conceptual Framework

In order to better understand a newly emerging topic, the relationship of wealth and wellbeing in BF, our purpose is to advance a preliminary conceptualization through the combination of perspectives and insights from various fields (Snyder, 2019) to inform what we consider a relevant matter to BF and their advisors (i.e., the relationship of wealth and wellbeing in BF). Therefore, we rely on arguments through the assimilation and combination of evidence from previously developed concepts and theories (Hirschheim, 2008). Starting from the focal empirical phenomenon (the fact that more fortune is not directly a predictor of more wellbeing) we have identified some conceptual elements that have an adequate fit and complementary value for achieving a better understanding of the relationship between wealth and wellbeing in the BF through the development of a conceptual model (Jaakkola, 2020). Due to the conceptual nature of this article, we build our arguments for a conceptual model based on a variety of knowledge and literature that does not need to be comprehensive to achieve a better understanding of a specific phenomenon in a relatively narrow context such as wealth and wellbeing of the BF (Elsbach & van Knippenberg, 2020). The process for selecting the most suitable concepts included the examination of literature of the Management and Family Firm fields related to the relevant topic of wealth and wellbeing, the incorporation of insights emerged from several courses to members of BF in schools of various countries over several years (as experienced by the authors as business school professors), and the consideration of discussions with several expert academics as well as practitioners interacting with BF. This allowed us to make sure that the critical concepts selected were adequate and sufficient to provide...
a more elaborated explanation of the relationship between wealth and wellbeing in the BF. This section provides key definitions and introduces relevant selected theoretical perspectives around wealth and wellbeing of the BF. These include the expanded concept of ownership, SEW, and ownership competences, stemming from a psychological perspective.

2.1. Definitions
While there are different conceptions involved when assessing whether a business is a family firm, in this study we focus on the definition of BF (Steier et al., 2015). The concept of BF focuses more on the controlling family than the (family) business itself and involves a family that will always own one or more businesses and other financial as well as nonfinancial assets (although those businesses and assets may not be the same over time). A family that starts and controls a single (family) business with intention of transgenerational legacy may evolve over time into a BF that controls several kinds of assets, usually including major participations in businesses. Furthermore, the BF usually implies implementing actions aimed at wealth generation, diversification, and preservation.

Financial wealth is generally defined as “a large amount of money or valuable possessions that someone has” (Cambridge Dictionary, 2022). In the context of BF, valuable possessions include money and other material assets, as well as “noneconomic benefits” that cannot be measured in monetary terms, such as family harmony and many others (Chrisman et al., 2003, p. 363). Family businesses are less likely than non-family firms to pursue wealth maximization as their dominant objective (Sharma et al., 1997). This does not mean that BF are unconcerned with making money. Rather, BF are likely to have important noneconomic goals or constraints, such as maintaining family harmony or job creation for family members, ensuring they contribute substantially to family members’ wellbeing (Chrisman et al., 2012).

Finally, with wellbeing we intend peoples’ positive evaluations of their lives, and this includes positive emotion, engagement, satisfaction, and meaning (Seligman, 2002).

2.2. The ownership concept expanded
Ownership is essentially a relationship between one person/animal (subject) that claims another thing/person/animal (object) to be their own. This relationship can be of three kinds: occupation, possession, and property (Rudmin, 1991).

Occupation (Rudmin, 1991) refers to the real-time temporary use of the object by the subject. We can think about a seat in a public bus that is used individually by different passengers during the course of their trip. Or we can imagine a child using his mother’s phone to play games in a waiting room.

In the case of possession (Rudmin, 1990), the subject does not only temporarily use the object but claims exclusivity over it. Unlike occupation, possession requires an effort to carry and/or defend the object possessed, as it could also be claimed by others. One of the first words a person utters besides “mom” and “dad” is “mine”. This idea of “mine” can be seen in interactions between siblings at a very young age, as if they were imprinted in our genes. Relationships of possession emerge very early in human childhood and play a key role in building and maintaining self-identity (Furby, 1980). Occupation and possession relationships have biological roots and are observable in animal life. A dog can occupy an object such as a ball and play with it for a while, leave it unattended later, and forget about it. A tiger may keep possession over a territory, utilizing marks for other tigers to know about its claimed land, patrolling it, and, if necessary, fighting for it. Possession puts a limit to the potentially owned object(s), and this limit is where the cost of defense is higher than the benefits extracted from what is owned. In the animal kingdom, for example, a tiger will defend an area of land up to the point where an extra square meter protected brings higher marginal benefits in potential prey than the marginal costs of energy needed to defend it.

While occupation and possession can be observed in human beings, people have perfectioned ownership through the concept of property. Property is possession sanctioned by a social regime. When the law recognizes private property, with a title or other instrument of social legitimation, it institutionalizes possession and removes the burden of carrying and/or defending the object owned. The social group and its institutions will make sure that property rights are respected. Property, and therefore material wealth, is socially sanctioned and has to be experienced and acknowledged by the subject in order for her/him to recognize an ownership relationship with the object (Rudmin, 1991). For example, an individual whose parents have transferred to her/him the property of a portfolio of shares and interests in investment funds, but who has not been informed about it, does not experience any relationship with the owned objects. Therefore, property is “a dual creation, part attitude, part object, part in the mind, part ‘real’” (Etzioni, 1991, p. 466). Thus, in order to understand the dynamics of property and wealth, it is
crucial to include their cognitive and emotional components.

2.3. Psychological ownership
Psychologically speaking, ownership has both a cognitive and an emotional component. On the one hand, ownership relationships of occupation, possession and/or property can be cognitively recognized by individuals due to various information sources, making them aware of such relationships. On the other hand, people may develop feelings of ownership, an attitude that has been referred to as psychological ownership (Pierce et al., 2003).

For example, while a child is cognitively aware that he has no property right on the house where he lives with his family, he perceives it as "his home". Conversely, he may be aware that he owns a particular book; however, as he is not interested in it, he may not feel this object as his. Another example could be a young adult that works in the family firm owned by his parents and has strong feelings of ownership due to his daily relationship with the company, and to the fact that he will inherit shares of the firm. Conversely, this person may be the rightful owner of a house transferred to him by his living grandparents but may not feel he is the owner of the house since it is still the home of his grandparents.

The three different ownership relationships mentioned in the previous subsection engender several different psychological aspects (Becker, 2014). While occupancy is mostly associated with the instrumental utilization of an object, it can trigger feelings of comfort and enjoyment, personal appearance, and personal history, as well as sense of belonging and relatedness. Possession is usually associated with feelings of self-efficacy and competence, self-identity and individuality, extension of the self, social control, ability of sharing, as well as memories and feelings of home (Furby, 1991). Finally, property inspires feelings of security and control, power and status, as well as ability of legacy (Rudmin & Berry, 1987).

Psychological ownership has a positive and a negative side. On the positive side, it supports the development of citizenship, cooperation, personal sacrifice, responsibility, and stewardship; on the dark side, when psychological ownership develops over-possessive characteristics, excessive materialism, inability of sharing, and feelings of overwhelming responsibility may arise (Pierce et al., 2001).

Attachment to, and psychological ownership of an object, can be much better developed when such object is visible (tangible), attractive, accessible, usable, and influenceable, receptive and hospitable, socially esteemed, as well as self-revealing (allows to learn about the self). Psychological ownership develops better when the target object provides identity, feelings of competence, and feelings of "having a place" (Pierce et al., 2009).

While several different perspectives can be used to explore the complex phenomenon of psychological ownership, some studies sustain that biology as well as social experiences play a very relevant role in shaping relationships between individuals and their property (Dittmar, 1992; Pierce et al., 2003). Offering an intra-individual perspective, Pierce, Kostova and Dirks (2003) propose that psychological ownership has its roots mainly in three individual human motives. Firstly, efficacy and effectance refer to an individual’s desire to interact effectively with his environment, as well as to exert control over the environment. Secondly, self-identity reflects the dynamics associated with getting to know oneself, expressing one own’s recognition and social prestige to others, and maintaining this symbolic extension of oneself over time. Finally, having a place to dwell means that individuals have a territoriality need that provides physical and psychic security, a home or place of one’s own. Thus, overall, these motives explain why individuals experience feelings of ownership and, we can argue, they foster the development of psychological ownership.

Pierce, Kostova and Dirks (2003) also conceptualize that there are several routes that can engender psychological ownership, acknowledging those experiences that develop feelings that satisfy the above-mentioned motives. Control over the object of possession is a key experience that nurtures the sense of self and effectance. Think about control over a car: the access to use it makes individuals feel they own it, independently of the actual legal ownership of the vehicle. Driving it and the ability to make it perform will develop the feeling of possession via control, which in turn develops psychological ownership of the car. Knowing intimately the object of possession is an alternative route to psychological ownership, as deep knowledge inspires tight links to things. Consider teachers and their pupils: the close and continuous relationship reflects the attachment, which translates to familiarity and deep knowledge, so that they would point to students as “theirs”. Further, investing themselves into the object of possession represents a relevant route to psychological ownership. Imagine the herdsman who know the needs of the cattle they tend. Even if the animals are not their own, they

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1 In order to improve readability, only the male form is used in this document. Nevertheless, we refer to both genders equally.
feel psychological ownership towards the cattle, as they invested themselves in breeding the animals and, hence, feel responsible for them. These routes have been discussed, for example, in the organizational context to explain how employees develop psychological ownership in businesses that are not their own, as this affects their behavior in both positive and negative ways (Pierce et al., 2001).

Besides individual psychological ownership, we can distinguish collective psychological ownership, namely the collectively held sense (feeling) that a target of ownership is collectively owned (Pierce & Jussila, 2010). In BF, both individual and collective psychological ownership affect several aspects of the family firm (Heino et al., 2019; Rantanen, 2011) and usually create positive cognitions and feelings increasing effort and contribution to the goals and success of the family firm by family members (Narcikara, 2017) and non-family members (Bernhard & O’Driscoll, 2011; Ramos et al., 2014).

The construct of psychological ownership is very relevant to the BF (Mustafa et al., 2022) and there is evidence showing its role for stimulating initiatives that generate wealth for the business (Pittino et al., 2018). Thus, we advance that psychological ownership plays a distinct role in BF as it represents the cognitive and affective mechanisms that explain the family attachment to the business (Henssen et al., 2014) and can, thus, contribute to explain the relationship between the wealth and wellbeing perceived by its members, as BF particularly value wealth of a socioemotional nature besides its material aspect.

### 2.4. Socioemotional wealth

The BF owns the family firm, and the value creation process of such firm provides not only sufficient material outcomes, but also positive psychological outcomes to the owners. One of the most salient characteristics of family firms is their particular approach to value creation, as they are inclined to a variety of goals which can be harmonized (Vazquez & Rocha, 2018). With “a purpose that transcends profitability” (Chrisman et al., 2003, p. 468), a set of typical socioemotional goals of the family firm has been ascribed to this type of organization.

Goals aimed at preserving the so-called s (SEW—namely, the stock of affect-related value the owning-family has invested in the firm (Gómez-Mejía et al., 2011)—encompass the benefits that family members expect from their involvement in the business (Chrisman et al., 2012). SEW has been considered an important factor to explain family business behavior, as this set of affective endowments represents a reference point against which BF make risky decisions (Hoskisson et al., 2017; Nason et al., 2019).

SEW encompasses several dimensions, which have been framed around five main elements using the acronym FIBER: Family control and influence, Identification of family members with the firm, Binding social ties, Emotional attachment of family members, and Renewal of family bonds to the firm through dynastic succession (Berrone et al., 2012). These aspects, which are of non-economic nature, reflect the “wealth” that is most important to family businesses when the family is the priority (Basco & Rodríguez, 2011). Thus, family members who avoid profitable opportunities to raise capital (e.g., equity by non-family shareholders or IPO) in order to maintain control over the business and establish family meetings to nurture identification with the business, are examples of decisions in place to preserve SEW. Furthermore, it has been suggested that, beyond various characteristics related to the FIBER dimensions, several aspects of ownership affect the perceptions of BF regarding their SEW (Zellweger & Dehlen, 2012). Different types of measures have been used to grasp the concept of SEW and different constructs have been introduced as well (Swab et al., 2020).

Debicki et al. (2016), indeed, have developed the SEW importance scale, which includes three dimensions: Family prominence, related to building and maintaining the family image in the eyes of stakeholders; Family continuity, i.e. family preservation and sustainability; and Family enrichment, which deals with the ability of family members to satisfy family needs while operating the business on a daily basis.

As ownership can create value or wealth, both financial (Foss & Klein, 2018) and socioemotional (Zellweger & Dehlen, 2012), the BF will have to achieve the necessary competences for proactively managing its wealth (financial and socioemotional) and wellbeing.

### 2.5. Ownership competences

Ownership competences include the specific knowledge and capabilities of current and future family business shareholders that are required to effectively enact their ownership role(s) and function(s) with the ultimate goal of successfully managing the business and contribute to the harmonious functioning of the family (Binz Astrachan et al., 2021). Different conceptualizations have been advanced to describe and discuss ownership competences, and we combine some synergic approaches that encompass individual and collective competences that contribute to effective ownership in BF. BF and their members benefit particularly from competences aimed at motivation for ownership.
(purpose competence), management of ownership for business success, and management of ownership for family and individual success. Firstly, the competence of purpose is very important to positively influence ownership relationships. The purpose of business is defined as the creation of optimized collective value (Donaldson & Walsh, 2015). The owners of the business, as one of the main stakeholders, are legitimately entitled to influence business governance and direction, and to obtain part of the value generated. In companies with family control, goals and purpose of the business are strongly influenced by the goals and purpose of the controlling family (Vazquez & Rocha, 2018). Individuals engage in the creation of wealth of different kinds, such as financial, physical, human, and social capital. Such creation arises not only from extrinsic and self-interested motivations (e.g., accumulation of financial wealth) but also from motives such as the entrepreneurial spirit, the enjoyment of discovering and creating, and the desire to serve others (Enderle, 2009). Individual meaning and purpose have been linked to wellness (Savolaine & Granelllo, 2002), identity, and business performance (Craig & Snook, 2014). Moreover, performance in achieving any targeted goals is enhanced when these goals are related to a purposeful end (Haradkiewicz & Elliot, 1998). The ability to identify and to work on a set of goals to accomplish, as well as the understanding of “why” those goals are valuable provide individuals with energy, direction, satisfaction, and persistence (Damon, 2009). Developing the ability of pursuing purposeful goals will increase the positive experience of ownership relationships.

Secondly, competences for the exercise of property rights strongly influence value creation at the firm level, and specific competences, such as the matching competence, governance competence, business competence, and timing competence have been recently highlighted (Binz Astrachan et al., 2021; Foss et al., 2021). The matching competence is the ability to foresee novel resource combinations that achieve a valuable purpose. This competence, related to the entrepreneurial environment, contributes to decide “what” to own, therefore defining the boundaries of family ownership. The matching skills enable a better recognition of underpriced assets and a better arrangement of assets for superior value creation, therefore achieving the development of better portfolios. The governance competence is the capacity to design and to implement the processes and structures for effective organizational decision-making. This competence, related to “how” to own, includes the governance bodies (shareholders assembly, board of directors, top executive team, etc.), incentives, rules, and other elements that enable the adequate alignment of interests, management of information asymmetries, reductions of agency costs, and others necessary for an adequate delegation of decisions by the owners. The business competence refers to the ability to understand industry-related issues, strategy, finance, and others that enable “owners to guide and hold management accountable and make sound, data-based decisions” (Binz Astrachan et al., 2021, p. 5). Finally, the timing competence refers to the ability to decide ownership entry and exit decisions, such as whether to buy underpriced or to sell overpriced assets, or as when to hold ownership during asset crises (usually pricing those assets also considering the SEW involved). In family firms, this ability is not restricted to the firm level but also includes family outcomes, as effective successions require a very good timing competence.

Thirdly, there are ownership competences specifically targeted at BF that address the influence of ownership in the success at family level and individual level (for family members). This set of competences is expected from the shareholders of a family business (or a group of businesses in the hands of the same family). The family competence is the ability to manage family dynamics and to influence the functionality of the family. This is strongly interlinked with efficacy and effectance, which permit owners to benefit from high psychological ownership (Narcikara, 2017). The self-competence relates to personal development and growth, thanks to the abilities of self-regulation and engagement in continuous self-development and education. Finally, the contextual and zeitgeist competences encompass the knowledge, skills, and capabilities to cope with challenges unique to the family business and BF.

The ownership competences for purpose, business success and family success interact with each other with positive and synergistic effects as they target the social system of the BF (which includes the individual, the family, and the business), aimed at creating transgenerational wealth (Habbershon et al., 2003).

2.6. Integrative framework of wealth and wellbeing of the BF

The identification of the key intervening mechanisms regarding wealth and wellbeing of the BF that were presented in the previous subsections, allows us to propose some relationships that compose an integrative conceptual framework (see Figure 1).

In this model, in the context of the BF, wellbeing is an outcome affected by the BF wealth,
which includes money and other assets as well as socioemotional elements, and by certain ownership competences. Indeed, the wellbeing of a family member can be positively affected by material wealth as this may provide access to better nutrition, education, and healthcare (Hagerty & Veenhoven, 2003). On the other hand, material wealth may lead to easy access to disposable income that does not encourage effort or that favors materialistic behaviors (Burroughs & Rindfleisch, 2002). Furthermore, material wealth may lead to intrafamily competition for access and control of such wealth, which may generate internal family competition, negative relationship conflicts, and family division (Jayantilal et al., 2016). In that same way, SEW may also generate positive and negative effects on wellbeing. For example, the social ties provided by the BF may be a source of positive relationships to its members (Berrone et al., 2012). On the other hand, an increased orientation towards dynastic succession may originate career impositions to family members who would preferably pursue their career and calling elsewhere and may feel their wealth associated to a burden (Huang et al., 2020).

In our model, the wealth (financial and socioemotional) of the BF is affected by material and psychological components, which are generated through the ownership relationships (occupation, possession, and property), as well as by ownership competences. This allows us to see the connections of the different ownership experiences with the generation of different ownership types (material and psychological) and their effect on the wealth and wellbeing of the BF. In line with this, even experiences of occupation, such as the interaction of family members with specific assets of the BF (such as a house, summerhouse, restaurant, etc.), which are not their property, play a role in the formation of psychological ownership that will in turn influence wellbeing. For example, in the extreme, we can have the case of an in-law that is not, and maybe will never be, legal owner of any asset of the BF, but that through relationships of occupation and possession has developed the material and psychological aspects (such as belonging) that contribute to play a positive role within the BF, increasing its wellbeing (Santiago, 2011).

This model also highlights the influence of the ownership competences on the ownership types (material and psychological), types of BF wealth (financial and socioemotional), and wellbeing. The presence of competences regarding purpose, business success, as well as family and individual success, can affect the nature and degree of ownership types and wealth. For example, high matching and governance competences are usually related to increased business performance and material wealth (Foss et al., 2021). Moreover, developed purpose, family, and self-competences can contribute to mitigate affluence-related risks of the pressure to achieve and isolation from parents that can be behind substance abuse, anxiety, and depression (Luthar, 2003).

In sum, this framework allows to offer a comprehensive picture of how wellbeing is directly affected by the stock of the different types of wealth as well as by the ownership competences available. It also shows that there is an indirect influence of ownership relationships affecting material and psychological ownership that will, in turn, contribute to shape the diverse BF wealth.

**Figure 1. Integrative framework of the role of ownership in the wealth-wellbeing relationship**

BF are not just families in business, but families that have a family-as-investor mindset and entrepreneurial-strategy methods (Habbershon & Pistrui, 2002). As the BF generates and increases material wealth, it is very important to develop ownership relationships that are beneficial for the wellbeing and happiness of family members and other important stakeholders.

We have elaborated on the concept of ownership, and linked it with psychological ownership, socioemotional wealth and ownership competences. Considering the boundary conditions of our theorizing, which focuses on the psychological underpinnings of ownership and related competences, our framework provides some avenues to develop positive (and to avoid negative) effects of wealth on wellbeing and happiness, as well as to overcome the diminishing marginal utility of financial wealth on happiness.

3.1. Recognizing goal diversity and integrating all types of wealth

It is very important to acknowledge the diverse goals and kinds of wealth relevant to the BF and each of its members. Conversations about what is intended to be achieved by the family firm, the family, and each of its members will inform all relevant individuals and increase awareness of the specific opportunities and challenges to be approached. For instance, it is acknowledged that goals are set and pursued thanks to the contribution of several individuals belonging to the family, the business, or both, and that those goals are fundamental to the success of family businesses, given their influence on strategic decisions, family dynamics, and organizational behavior (Williams et al., 2019). However, the process of setting goals is not free from issues, especially in an imminent succession event, where goal diversity is at its peak (Kotlar & De Massis, 2013). Thus, it is fundamental to recognize the diversity of goals and emphasize how this can be considered an advantage owing to the characteristics of the BF, rather than a hindrance to family functioning.

BF naturally manage their wealth for its material development and its impact on their wellbeing. However, in order to overcome the marginal diminishing effect that wealth has on wellbeing, they will have to integrate other aspects, especially those related to individual interests and expectations, and create additional psychological and socioemotional value for themselves, as well as create and distribute value to other stakeholders. In other words, family wealth needs to be pursued also as a function of individual goal pursuit, considering all involved goals, including those of non-family members, which can contribute to SEW (Kammerlander, 2022) and understanding that those goals are not required to be completely aligned. The way to minimize the marginal diminishing effect of wealth on wellbeing implies the acknowledgment and utilization of goal diversity, which needs to be viewed as a positive enriching feature of the BF.

**Proposition 1.** BF that recognize and manage goal diversity and various individual preferences have more ways to generate various types of wealth and therefore to increase the overall wellbeing.

3.2. Sharing the purpose of the business family and helping to develop the individual calling

The purpose competence as well as the “motivation to belong” and pro-social behavior of younger generations of BF are characteristics that can (and must) be developed to increase wellbeing from ownership. The process of sharing purpose is supported by ensuring that all members of the BF are aligned with the goals to be pursued by the BF (Kotlar & De Massis, 2013). The members of the young generations who perceive a calling for getting involved in the family firm will experience this involvement as an end in itself that provides fulfillment and enjoyment when performed, thus increasing individual happiness as well as the probability of business success (Vázquez et al., 2021). For the development of this calling, it is critical to nurture psychological ownership and, in turn, develop affective commitment of the next generation (Gimenez-Jimenez et al., 2021). Furthermore, the availability of attractive professional opportunities in the family firm creates strong incentives for the next generation to commit and to pursue involvement in entrepreneurial experiences that contribute to the organization (Vázquez et al., 2021). Finally, the family is the first institution for education and ethical development of individuals and family dialogue, behavior of senior family members, family legends, and other elements that help to “guide the beliefs and values of the next generation of family members” (Sharma & Sharma, 2011, p. 318). Pro-social and specific characteristics of ethical behavior in family firms are strongly influenced by the involvement of the owning family, the inclination to SEW, and the typical social interactions of the BF (Vazquez, 2018). Indeed, it is not uncommon to observe BF establishing formal organizations to manage their contribution to society, through philanthropic
3.4. Developing ownership competences

3.4.1. Exploring different ownership types

The different ownership types that can provide socioemotional benefits (e.g., via foundations or family offices (Lungeanu & Ward, 2012; Rivo-López et al., 2020). Purpose, calling, entrepreneurial opportunities, and pro-social behavior are elements that enable the creation of value from ownership beyond financial wealth, therefore avoiding the mentioned diminishing marginal returns.

Proposition 2. BF that nurture the purpose competence and the calling of the family members (especially the younger generations) can positively affect family wealth without undermining wellbeing.

3.3. Promoting routes to psychological ownership for members of the BF

While the value of financial wealth can be the same for two different individuals, developing psychological ownership can create wellbeing beyond the material ownership. For example, being a shareholder of a family firm can be a source of joy and pride to one individual, but just a source of dividends for another (Bee & Neubaum, 2014). While both individuals will receive the same material income (provided that both hold the same proportion of shares), one will obtain more psychological value (in terms of socioemotional benefits) than the other. Therefore, it is worthwhile to consider the availability and promotion of routes to psychological ownership. Besides voting rights and participation in governance roles of the firm, there are other aspects that can provide a sense of control, knowledge and involvement. Several families offer activities to young family members in order for them to get to know the firm better. Others create spaces of participation for family members who are not directly involved in governance bodies. Many BF propose specific projects, such as the research of family history and production of a book, which engage individuals who do not enjoy or cannot play a business role (Eddleston et al., 2018).

Nurturing psychological ownership by engaging all members of the BF in initiatives that contribute to their sense of control over their job and life, as well as to their sense of self and place associated to being a member of the BF, would help reinforce the positive association between ownership and wellbeing, even at high level of ownership.

Proposition 3. BF that nurture psychological ownership in BF members can positively affect family wealth without undermining wellbeing.

3.4. Developing ownership competences

In order for the BF to achieve adequate wealth management and wellbeing for all family members involved across generations, roles and responsibilities, the necessary competences have to be developed. These competences include not only those related to business success, but also those directed at the development of purpose and also family success. On the one hand, members who already have an active or direct experience with business operations might develop psychological ownership more easily and pursue SEW as their main goal. Their participation in the business activities might, thus, guide them to develop appropriate and significant ownership competences. On the other hand, members of the BF who have never experienced working in the family business(es) might have more challenges in understanding what their role and responsibilities are within the family and the business. Assuming these individuals will become shareholders of the business(es), it is relevant to understand how to develop ownership competences, which can make the difference in the effectiveness of the future business(es) owners’ decision-making.

Proposition 4a. BF that nurture the development of ownership competences in family members can positively affect the development of different ownership types and the creation of various types of family wealth, that influence wellbeing.

There is research showing that next-generation members in particular might be put under pressure by incumbents/parents regarding their future involvement in the business (Grote, 2003), sometimes also influenced by gendered norms (Byrne et al., 2019). Given the potential different goals, as mentioned above, first of all, the development of ownership competences necessarily depends on the freedom of next-generation members to choose their progressive involvement in the business, deciding the content and the extent of their involvement. This would help individuals to develop the matching competence, i.e., to decide what to own and take responsibility over that. Freedom of choice, in turn, stimulates learning and exploration, both fundamental for next-generation members to find out whether they can increase their wellbeing and happiness from the wealth derived from owning the family’s assets. Experimenting with family resources, e.g., starting up a new venture, accompanied by the luxury to fail in this venturing activity, will support members of the BF to identify areas of interest, to stimulate purposeful motivation, and then to develop ownership competences, especially business competence (Corbetta & Amore, 2014).

There are further opportunities to engage more actively with the activities of the BF and to develop all competences for the effective exercise of ownership, thus covering the distance between passive and active family members with respect to the business. Firstly, to offer internship opportunities within the business and/or family formal bodies, if existent, such as family office, family foundation, or family council (Schickinger et al., 2021; Van der Heyden et al., 2005). This can also help develop governance competences above all others. Secondly, to appoint a formal mentor that can help new family members learn how the BF functions and the business works (Distelberg & Schwarz, 2015). This can be an important mechanism to develop and disclose matching and timing competences, enabling the succession planning at the right time (Michel & Kammerlander, 2015; Salvato & Corbetta, 2013). Finally, more on an informal basis, arranging family events, such as a gathering at Christmas, and managing family-level communications, e.g., a family or family office app might help develop family competences (Bloemen-Bekx et al., 2021).

**Proposition 4b. BF that nurture the development of ownership competences in the family members can positively affect family wealth without undermining wellbeing.**

3.5. Early development of the young generations

Grooming and cultivating an BF, thus creating the family-as-investor mindset, and developing entrepreneurial strategies (Habbershon & Pistrui, 2002) requires parents to transfer information, knowledge, values, and practices that spill from the family over the business to their children. We highlight four dedicated mechanisms that can warrant ownership translates into wellbeing for the members of BF.

On the one hand, parents need to provide meaning as regards ownership to their children, instilling into the future generations the motivations to embrace the entrepreneurial mindset that can engender their willingness to take over the firm and manage it (Hammond et al., 2016; Jaskiewicz et al., 2015). On the other hand, at the same time, families need to understand and manage expectations of next generation members. It is fundamental not to add too much pressure on young family members and enable them to make a passionate, free choice, if they decide to join the family business, rather than embrace an entrepreneurial career on their own, or get a job elsewhere (Baü et al., 2020). In any case, it is important to groom children as responsible and competent owners, as they may inherit shares of the business (though this depends on the governance system adopted by the family to manage the business over time).

**Proposition 5. BF that develop ownership competences and psychological ownership early in family members (while allowing independent decisions) have more chances to positively affect family wealth without undermining wellbeing.**

4. Conclusions

The diminishing marginal utility of the positive effect of wealth and income on wellbeing and happiness, as well as the dark side of financial wealth, are challenging facts particularly relevant to BF. The family business field has elaborated on concepts such as psychological ownership, SEW, and ownership competences that allow the identification of strategies for those families who intend to overcome the challenges of wealth on the wellbeing of its members.

We contribute to literature of the family business field through the integration of existent knowledge that allow a better understanding regarding the relationship of wealth and wellbeing in BF. Furthermore, we provide propositions that can be empirically tested to increase knowledge on the relationship of wealth and wellbeing in the BF. The empirical examination of those propositions should include exploring the different conditions in which they would be more likely to be observed. Furthermore, this inquiry could also consider the BF in relation to sustainable development goals, such as the specific goal of ensuring healthy lives and promoting wellbeing for all at all ages included in the targets of sustainable development of the World Health Organization.

Besides academia, our propositions are also relevant for members of BF and for practitioners that support those families. This is because we propose that recognizing goal diversity, integrating all sources of wealth, sharing the purpose of the FB, helping to develop the individual calling, promoting routes to psychological ownership, developing ownership competences, and working early with the young generations are all avenues for developing positive (and avoiding negative) effects of wealth on wellbeing and happiness, and for overcoming the diminishing marginal utility of financial wealth on wellbeing. Moreover, all the mentioned strategies, linked to the inclination toward pro-social behaviors of the BF, can increase its members’ wellbeing not only at individual level, but also at group and community/organizational level. This is because the proposed strategies integrate motivations for ownership, individual, family and business success of the BF, which provides the alignment needed for the value creation and distribution.
that satisfies results for multiple stakeholders (owners, environment, society, etc.). This approach implies that wealth and wellbeing captured by the BF can be synergic to the collective distribution of wealth and wellbeing. The integrative framework proposed in this study must be taken cautiously, considering that the discussion of types of ownership and wealth is derived from a psychological perspective. The assumption that the emotional and affective endowments associated with the control of the family over the business activities (namely, SEW) is directly linked with a bundle of material and psychological ownership can be challenged in future research. Stemming from other perspectives, e.g., building on the literature on sociological, legal and anthropological meaning of ownership, the ownership relationship (occupation, possession and property) might provide additional nuances to the complex nature of ownership, which can further contribute to explain the relationship between wealth and wellbeing. We hope this conceptual piece opens us the avenue for further investigation on the role of ownership in understanding what makes BF, their family members, and their stakeholders happy and satisfied.

References


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