# EUROPEAN JOURNAL OF FAMILY BUSINESS

CÁTEDRA SANTANDER DE EMPRESA FAMILIAR DE LA UNIVERSIDAD DE MÁLAGA

JULY -DECEMBER 2023

13 VOLUMEN

2 ISSUE

umaeditorial

www.revistas.uma.es/index.php/ejfb


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European Journal of Family Business is an open access journal published in Malaga by UMA Editorial. ISSN 2444-8788 ISSN-e 2444-877X.


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https://doi.org/10.24310/ejfb1322023

uma editorial

EUROPEAN JOURNAL OF FAMILY BUSINESS

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# Cohabiting Couples: A Neglected Family Form that is Important to Study in the Field of Family Business

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Research article. Received: 2023-05-31; accepted: 2023-10-21

**JEL CODE**
L20, l26

**KEYWORDS**
Cohabiting couples, Married couples, Family capital, Family firm outcomes

**Abstract** Cohabiting couples are a rapidly growing family form in the world today. However, this family form has not been accounted for in family business research. In this article, we examine the differences between cohabiting couples and married couples in terms of human capital, social capital, and financial capital. Moreover, we explore how these differences may impact outcomes for firms owned by cohabiting and married couples. Finally, we discuss how family business scholars can account for cohabiting couples in their research and how such research may help practitioners.

**CÓDIGO JEL**
L20, l26

**PALABRAS CLAVE**
Parejas de hecho, Parejas casadas, Capital familiar, Resultados de la empresa familiar

**Parejas de hecho: una estructura familiar olvidada que cobra importancia en el ámbito de la empresa familiar**

**Resumen** Las parejas de hecho son una estructura familiar que está creciendo rápidamente en el mundo actual. Sin embargo, esta forma familiar no se ha tenido en cuenta en las investigaciones de empresa familiar. En este artículo examinamos las diferencias entre parejas que cohabitan y parejas casadas en términos de capital humano, capital social y capital financiero. Además, exploramos cómo estas diferencias pueden afectar a los resultados de las empresas propiedad de parejas casadas y parejas de hecho. Finalmente, discutimos la necesidad de considerar a las parejas de hecho como una estructura familiar en las investigaciones sobre empresa familiar, ya que pueden ayudar a comprender mejor las singularidades de estas empresas.

https://doi.org/10.24310/ejfb.13.2.2023.16908

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## 1. Introduction

In the fall of 1987 at the annual banquet of the Family Firm Institute, Ivan Lansberg, the first editor of the *Family Business Review*, christened the first issue by dousing it with a bottle of champagne. Those were heady times for those launching the field of family business, for they now had their own outlet to publish their work. However, in that first issue of *Family Business Review* Lansberg wrote about a potential problem with research in the family business field. It concerned the definition of a "family business":

*[One] reason for our concern with the definition of family business relates to the conduct and application of research. Until researchers agree on what a family business is, they will find it difficult to build on each other's work and to develop a usable knowledge base. In addition, knowing what type of organization was studied in a given project helps managers and consultants to decide whether the findings from the research are applicable to their situation* (Lansberg, 1988, p. 2).

Lansberg argued that for the field to progress, family business scholars must first define the term "family business" so they could clearly interpret and build upon the research of others.

Defining what constitutes a "business" has not been particularly problematic for business scholars (although there are various business forms), and when the *Family Business Review* was launched in the late 1980s, the definition of what constituted a "family" was not deemed to be problematic either. Most of those in this new field of family business seemed to hold a tacit assumption that the families that owned family businesses were, by and large, traditional, nuclear families (i.e., married father and mother with children). While the early founders of the field of family business recognized that heterogeneity in family forms did exist, this heterogeneity was generally ignored and, unfortunately, continues to largely be ignored in current family business theory and research (Dyer & Dyer, 2009; Gallo, 2021; Jaskiewicz & Dyer, 2017). Yet, family forms are more diverse today than at any time in history. In the U.S., for example, less than half of all families are traditional, nuclear families and represent even a smaller percentage in other parts of the world (Blackwell, 2010). Few studies of family businesses fully account for the variance in family forms that exist within their research samples and the impact such variance may have on how family firms function.

Today many different family forms exist (e.g., blended families, extended families, single-parent families, families headed by cohabiting, same-sex, or polygamous couples, etc.), and some are growing substantially. It should be noted that the definition of what constitutes a family is often determined by a family's ethnic background, culture, or country of origin (Miller, 2011). Given this dynamic, we should note that many of the research studies that we cite in this article are based on data from the U.S and thus reflect a somewhat Western bias regarding families. One family form that has grown rapidly across the world over the past several decades is "cohabiting couples *with or without children*," hereafter labeled as "cohabiting couples." (Families headed by married couples with or without children will be labeled "married couples.").

The purpose of this article is to discuss the rise of cohabiting couples throughout the world and provide suggestions about how this family form might be incorporated into family business research. Currently, few, if any, research studies of family businesses account for cohabiting families. Without accounting for this important family form, the field of family business will not be following Lansberg's advice since research findings based on nuclear families or other family forms might not apply to cohabiting couples. Thus, this article contributes to the family business literature by providing a framework for incorporating cohabiting couples into family business research and positing theory regarding the impact of cohabitation on family business outcomes, particularly family capital (Dyer, 2019).

In this article, we begin by defining cohabitation and discussing the increasing importance of this family form. We then discuss how cohabitation affects human, social, financial capital in family firms as well as family business formation and continuity. We also provide propositions regarding cohabiting couples and how this family form may affect the functioning of a family business. Finally, we offer some suggestions on how research regarding cohabiting couples who own businesses might be conducted and discuss implications for how practitioners might help cohabiting couples manage their businesses.

## 2. The Rise of Cohabiting Couples

Nearly two decades ago, family demographers noted that cohabiting couples were quickly becoming a common family form.[1] While there are

[1] Many agencies in the U.S. such as the U.S. census designate cohabiting couples with or without children as "families." For example, see D. L. Blackwell, "Family Structure and Children's Health in the United States: Findings from the National Health Interview Survey, 2001-2007," National Center for Health Statistics 10 No. 246 (2010).

certainly other family forms that we could have considered to critique in this article, we decided to focus on cohabitation since it is becoming an increasingly important family form today and is becoming one of the dominant forms of family in Europe and other parts of the world. Using the National Survey of Families and Households (NSFH) data from the U.S., Bumpass and Lu (2000) noted that by 1995 the percentage of women who had reported ever cohabiting had almost doubled in the preceding 15 years for women in their 40s. These trends have only continued, with recent data suggesting that in 2022 over 9 million cohabiting couples lived in the U.S. (U.S. Census Bureau, 2022). The United Nations has noted that cohabitation has grown in almost every part of the world (United Nations, 2016). Research has shown that one reason for the increase in cohabitation rates concerns negative narratives about marriage (e.g., marriage restricts your freedom, etc.)—which has led to a decrease in marriage rates worldwide—and more acceptance of cohabitation as a reasonable alternative (Dyer, 2019).

“Cohabitation” is typically defined as an unmarried couple living together in an emotionally and/or sexually intimate relationship with or without children (Dyer et al., 2014). Cohabiting is most often viewed as a stepping-stone toward marriage, but some see it as an alternative to marriage. While more people in the U.S. are married than cohabit, among people ages 18 to 44 a larger percentage have cohabited at some point than have been married (59% versus 50%) (Horowitz et al., 2019). In the U.S., by 2017 over 60% of adult women reported having been in a cohabiting relationship (Manning, 2020). Moreover, a large percentage of cohabitors (54%) in the U.S. are raising children (Pew Research Center, 2019). Given the prevalence of cohabitation in some countries in Europe—for example, some estimate that nearly 40% of French couples and 50% of Swedish couples between the ages of 25 and 44 cohabit (Population Europe, 2022)—studies of European family businesses very likely include cohabiting families in their samples, but we don’t know their prevalence since marital status is generally not identified by the researchers. Thus, European scholars should be particularly interested in understanding the impact of cohabitation in family firms.

Significant differences in cohabitation rates also exist among racial and ethnic groups. For example, in 2018 cohabitation rates for whites and Hispanics in the U. S. were about three times higher than Asian Americans (Pew Research Center, 2019). Moreover, the percentage of married couples varies significantly by race in the U.S. with 57% of whites being married compared to only 33% of African Americans (Pew Research Center, 2019). Thus, based on data regarding current family forms, some countries and some racial and ethnic groups may have a significant percentage of their family businesses owned and managed by cohabiting couples.

Given the rise of cohabiting couples across the world, it would seem reasonable to account for such a family form. However, no study in the field of family business that we are aware of distinguishes between families where parents are legally married and those who are not. Some researchers have studied “copreneurs”—couples that start businesses together (e.g., Fletcher, 2010; Marshack, 1993; Mason et al., 2011; Muske & Fitzgerald, 2006)—but these studies do not critically examine the impact of these copreneurs’ marital status on their relationships and on their businesses. Copreneurs are typically defined as “husbands” and “wives” who own a business together, suggesting a nuclear family (Fitzgerald & Muske, 2002). Given the increasing number of cohabiting couples worldwide, we believe that this family form should be accounted for in family business research. Furthermore, prior research from the field of family science suggests that there are significant differences between couples that are legally married and those that cohabit (e.g., Graff, 2019; Guetto & Panichella, 2019; Stanley et al., 2004). Thus, when we conduct research that includes cohabiting couples as well as families where spouses are legally married, we should better understand the differences between these family forms and the likely outcomes for both types of families who own and manage a business.

## 3. The Impact of Cohabitation on Family Human, Social, and Financial Capital

Prior theorizing and empirical research about the impact of a family on firm performance suggests that a family’s human, social, and financial capital are keys to family business success (e.g., financial performance, managing succession) (Dyer, 2021; Dyer et al., 2014; Ortiz-García et al., 2014; Vazquez & Campopiano, 2023). In this regard, we will examine prior research (mostly U.S. studies) which compares the human, social and financial outcomes of married couples with those who cohabit. Table 1 summarizes key differences between married and cohabiting couples in these areas.

### 3.1. Cohabitation and human capital

In the context of family business, human capital refers to the knowledge, skills, and labor of individuals which could be used to help family members launch or grow a family business (Dyer, 2019). The development of human capital is af-

fected by a number of factors, including individuals' physical and mental health.
Research on cohabitation indicates that cohabitation may fail to provide couples with many of the benefits that marriage can confer (Graff, 2019). When cohabiting couples are compared to married couples, cohabiters have poorer physical and mental health (Rapp & Stauder, 2020; Umberson et al., 2013; Waite, 1995), lower happiness (Stanley et al., 2004), decreased productivity at work (Korenman & Neumark, 1992), and less stability (Lillard & Waite, 1995; Musick & Michelmore, 2018). Other studies found that children of cohabiting parents have more behavioral and emotional problems and lower school attainment than children of married parents (Brown, 2004; Bulanda & Manning, 2008; Guetto & Panichella, 2019; Marripedia, 2019). This negative impact on the children of cohabiting parents relative to children of married couples has implications for the future leadership of firms owned by cohabiting couples, since those children may not be as well-prepared to handle the rigors of a managerial career. Further, cohabiting couples tend

**Table 1**[2]**.** Differences between married couples and cohabiting couples

| **Dimension** | |
|---|---|
| ***Human Capital*** | |
| Family size | Married couples tend to have larger families than cohabiting couples (Pew Research Center, 2019) |
| Child outcomes | Children of married couples have better emotional, behavioral, and academic outcomes (Brown, 2004; Bulanda & Manning, 2008; Guetto & Panichella, 2019) |
| Couples' outcomes | Married couples have better physical and mental health than cohabiting couples (Rapp & Stauder, 2020; Umberson et al., 2013) |
| ***Social Capital*** | |
| Stability | Married couples stay together longer than do cohabiting couples (Lillard & Waite, 1995; Musick & Michelmore, 2018) |
| Interdependence | Married couples are more likely to share resources (Larson, 2001; Vitali & Fraboni, 2022) |
| Relationships (interaction) | Married couples have higher quality relationships than cohabiting couples and better relationships with extended family and the community (Amato & Booth, 1997; Brown et al., 2017; Waite, 1996) |
| Closure | Married couples define themselves as a family and have legal obligations to care for certain family members. The status of a cohabiting relationship may be more ambiguous (Brown & Manning, 2009) |
| ***Financial Capital/Assets*** | |
| Shared resources | Married couples share more financial resources than do cohabiting couples (Vitali & Fraboni, 2022) |
| Wealth | Married couples are wealthier than cohabiting couples (Hastings & Schneider, 2021; Kapelle & Lersch, 2020) |
| Inheritance rights | Married couples may find it easier to transfer assets to the next generation since their children have legal inheritance rights |

[2] While Table 1 describes the differences between cohabiting and married couples along several dimensions, the theories that provide explanations for these differences can be found in: 1) Human capital theory, e.g., Becker (1993); 2) Social Capital theory, e.g., Nahapiet & Ghoshal (1998) and Pearson et al. (2008); 3) Transaction Cost theory, e.g., Pollak (1985) and Williamson (2013); 4) Theories pertaining to marriage and family structure, e.g., Coontz (2006) and Cherlin (2010).

to have smaller families than married couples, meaning that cohabiting couples may have less human capital to draw upon (Pew Research Center, 2019).

Recent research explores why such differences between married couples and cohabiting couples exist. Notably, scholars have examined whether cohabitation causes these differences or whether the individuals who decide to cohabit bring certain attributes to the relationship that has a negative impact. While causation is not entirely clear, it appears that in many instances the individual attributes of the individuals involved in cohabitation lead to poorer outcomes rather than the nature of the cohabiting relationship itself. For example, Perelli-Harris and Styrc (2018) found that childhood selection factors account for all the differences in mental health outcomes between married and cohabiting individuals. Similar selection effects have been noted across other human capital outcomes (Perelli-Harris et al., 2019; Rosenfeld & Roesler, 2019; Sassler & Lichter, 2020). Regardless of the cause, however, cohabiting relationships tend to be less stable, creating uncertainty and stress, which often leads to poorer outcomes for the children of cohabiting couples as well as the couple itself.

Given that prior research suggests that cohabiting couples tend to have poorer human capital than those in married relationships, we present the following proposition:

***Proposition 1***. *Cohabiting couples who own and manage a family business will have a disadvantage in human capital when compared to married couples.*

### 3.2. Cohabitation and social capital

The concept of "social capital" is core to the study of all societies and organizations (e.g., Nahapiet & Ghoshal, 1998) and was initially introduced into the family business literature by Hoffman, Hoelscher, and Sorenson (2006) and further developed by Arregle et al. (2007) and Pearson et al. (2008). In the context of a family, social capital is defined as "trusting, cooperative relationships within a family that enables it to engage in collective action" (Sorenson, 2011, p. 1).

Nahapiet and Ghoshal (1998) identify the conditions under which social capital is developed, and Pearson et al. (2008) present a model that links family relationships to the development of social capital and, ultimately, many positive outcomes for the family and the firm. Building on Nahapiet and Ghoshal (1998), Pearson et al. identify certain conditions that are required for the development of social capital in a family: (1) stability and duration of relationships, (2) interdependence (shared interests and objectives), (3) interaction and relationships (frequency and strength of social interactions amongst individuals), and (4) "closure" (boundaries that define who is the family and their shared interests). Research that has compared married couples with cohabiting couples along these four dimensions finds a number of differences between the two family forms.

*Stability*. Cohabitating couples tend to have less stability between partners. Although cohabiters marry about 50% of the time, early research by Paul Amato on cohabitation indicated that they are 59% more likely to divorce than those couples who marry without cohabiting (Amato, 1996), and subsequent research supports Amato's findings (Stanley & Rhoads, 2018). When compared to married couples, cohabiters end their relationships more frequently, with married couples staying together 2.5 times longer than cohabiting couples (Fagan, 2006). Transaction cost theory suggests that individuals involved in long-term, stable relationships will be more willing to invest in developing human, social, and financial capital specific to those relationships than individuals in relationships that are more transitory (see Pollak, 1985) for an extensive review on how transaction cost economics can be applied to families).

*Interdependence*. Cohabitors tend to have fewer shared interests and objectives than married couples. For example, cohabiting couples are less likely to pool their resources and work together to meet financial or career goals (Larson, 2001; Vitali & Fraboni, 2022). Accordingly, cohabiting couples may be more prone to act as individuals than married couples.

*Interaction and Relationships*. Relationships between cohabiting partners tend to be of lower quality—less satisfaction and more conflict—than relationships between married partners (Brown et al., 2017). Moreover, couples in a cohabiting relationship also tend to have poorer relationships with their parents (Amato & Booth, 1997) and are not as connected to the larger community (including in-laws, churches, etc.) as married individuals (Waite, 1996).

*Closure*. The idea of closure denotes a clear demarcation between those individuals that are "family" and those who are not. Cohabitation may create ambiguity along these lines where the cohabiting couple and their children may or may not see themselves as part of an enduring family. Children growing up with cohabiting parents are significantly more likely to report ambiguity around family boundaries than other children (Brown & Manning, 2009). This may result in less commitment, solidarity, and support between those who are involved in a cohabiting relationship. Such findings suggest the following proposition:

***Proposition 2**. Cohabiting couples who own and manage a family business will have a disadvantage in social capital when compared to married couples.*

**3.3. Cohabitation and financial capital (and other tangible assets)**

As noted previously by Larson (2001) and Vitali and Fraboni (2022) cohabiting couples are less likely to pool their assets than married couples. This likely makes it more difficult to start or grow a business since pooled resources often enable family business development (Aldrich & Cliff, 2003). Cohabiting couples also tend to have less overall financial wealth and income than married couples (Hastings & Schneider, 2021; Kapelle & Lersch, 2020), and cohabiting parents make fewer financial investments in their children compared to married parents (Hastings & Schneider, 2021). Moreover, given our previous argument that cohabiting couples will tend to have less social capital than married couples (e.g., fewer connections to family and the community), cohabiting couples are likely to be at a disadvantage in acquiring resources from their social network as compared to married couples. Sam Walton got the seed money to start Walmart from his rich father-in-law. Would his father-in-law have been just as willing to provide such seed money if Sam was cohabiting with his daughter and not married? Maybe not, since Sam's father-in-law might not see Sam's relationship with his daughter as being very stable.

Race and socioeconomic status also play a role in encouraging cohabitation and thus there are selection effects related to the financial well-being of cohabiting couples. African Americans, the most economically disadvantaged group in the U.S., have the highest cohabitation rate of any racial group in the U.S. at 17% (Dyer, 2019). Asian-Americans, on the other hand, have the lowest cohabitation rate (5%), and are also a racial group that tends to be well off economically in the U.S. (Fairlie & Robb, 2008). Asian communities, in general, have strong norms against cohabitation, and also have significant resources to share when family members want to start a business or have other financial needs (Dyer, 2019; Fairlie & Robb, 2008). Individuals of lower socioeconomic status might find it to their advantage to live together and share resources in a cohabiting relationship, but also do not feel the need to be married. Moreover, cohabitation is considered to be a legitimate relationship within certain communities which encourages the practice. Thus, race and socioeconomic status also play a role in the creation of cohabiting couples and their economic outcomes.

In the U.S. and some other countries, cohabitation also brings ambiguity when it comes to inheriting resources when a partner dies or is incapacitated due to the lack of legal status for the relationship. Such ambiguity could encumber the success of a business owned by a cohabiting couple since blood family members may lay claim to a cohabitor's assets if the cohabitor does not specify who is to inherit or gain control over those assets. This leads to our third and fourth propositions:

***Proposition 3**. Cohabiting couples who own and manage a family business will have a disadvantage in financial capital (and other tangible assets) when compared to married couples.*

***Proposition 4**. The transfer of financial capital and other assets (e.g., ownership of the family business) from one generation to the next will be more difficult for cohabiting couples when compared to married couples.*

**3.4. Two caveats to the propositions**

The previous discussion of human capital, social capital, and financial capital suggests that married couples will have a comparative advantage over cohabiting couples in owning and managing a successful family business. However, there appear to be at least two important caveats, or moderators, to the four propositions.

*Duration of a Relationship*. The longer a cohabiting couple is in a relationship, the more similar they will be in human, social, and financial capital as compared to married couples. In other words, the longer a cohabiting couple is together, the differences between them and a married couple should begin to disappear. For example, the conditions for the development of social capital as outlined by Nahapiet and Ghoshal (1998) and Pearson et al. (2008) are more likely to be met the longer a cohabiting couple is together. This should lead to improved social capital and positive outcomes for children and others involved in the cohabiting relationship.

One example of a long-term cohabiting couple is Hollywood actors Kurt Russell and Goldie Hawn, who have been together for 40 years as of 2023 (Ogunjimi, 2022). They had one child together, while Hawn also had two children from her previous marriage to musician Bill Hudson, and Russell has a son from a previous marriage. All four of the children refer to Kurt Russell as "Pa" and see him as the primary "father figure" in their lives. They refer to themselves as a "blended family" and Russell and Hawn insist that they do not need a legal document to affirm their commitment to one another. In the case of Kurt Russell and Goldie Hawn, their "family" appears to be similar to those families where the parents are married and may have a better relationship than many who are married.

*Societal Acceptance of Cohabitation.* The more a society is accepting of cohabiting couples, the fewer differences will exist between married and cohabiting couples. Soons and Kalmijn (2009) found that when countries have a larger proportion of cohabiting couples, the gap in outcomes between cohabiting and married couples becomes smaller. This institutionalization hypothesis argues that as cohabitation becomes more common and institutionalized in a country, differences between cohabiting and married couples should shrink since more couples that would have otherwise chosen to be married instead choose to cohabit. Thus, cohabiting couples in certain countries in Europe like the United Kingdom, Denmark, Sweden and France will be more likely to "look like" married couples since cohabitation is often the norm in a community, not the exception. Cultural values supporting cohabiting couples, legal, financial, or religious barriers to obtaining a divorce, and costs associated with getting married also play a role in encouraging cohabitation in a given society (Coontz, 2006; Witte, 2012).[3]

The research that we have presented thus far has been largely based on U.S. families. Over time, cohabitation has become more accepted in the U.S., but marriage is still the long-term relationship goal of most Americans (Willoughby, 2020; Willoughby & James, 2017). In the U.S., many couples cohabit, though cohabitation is significantly higher in many countries in Europe. However, in many countries in Asia and some in South America, cohabitation still has a strong stigma attached to it (e.g., Japan, South Korea). In summary, in societies where cohabitation is more accepted, we would likely find that cohabiting relationships, in terms of duration and quality, would be more similar to married relationships and thus result in similar outcomes.

### 3.5. Cohabitation and the family business

The propositions we have presented raise two important questions regarding the formation and continuity of family-owned businesses: 1) Will cohabiting couples be as likely to start businesses as married couples? And 2) If cohabiting couples start businesses will they be able to continue ownership of their firms across generations at the same rate as married couples? We address each of these in turn.

*Business Formation.* Prior research suggests that social capital and shared resources among family members help facilitate the formation of family firms (Aldrich & Cliff, 2003). As argued earlier, since cohabitation is less stable than marriage it may be more difficult to develop norms of reciprocity and trust—essential ingredients for the development of family social capital (Dyer, 2019). This makes it less likely that cohabiting couples will have the social capital necessary to start and grow a business. Additionally, since cohabiting couples don't pool their resources to the same degree that married couples do, they may be at a comparative disadvantage vis-à-vis married couples when trying to start or grow a business. Without resources from both partners, they may have more difficulty succeeding in business. Additionally, as noted previously, those in a cohabiting family form may be less likely to define themselves as a family and therefore may be less willing to share resources (Brown & Manning, 2009). Thus, entrepreneurs in cohabiting families may be less likely to receive the resources they need to start a business.

*Business Continuity.* Human capital, social capital, and the sharing of financial capital also have important implications for the continuation of family businesses across generations (Corona, 2021). As noted by Hastings and Schneider (2021) the children of cohabiting couples may not receive the attention and investment that they need from their parents as compared to the children of married couples. Thus, they may not be as prepared as the children of married couples to take over and manage the family business. They also tend to not have the same inheritance rights as children of married couples and therefore may be less likely to be brought into the business or take over the business when succession is needed. Additionally, a lack of family identification by cohabiting couples may weaken social capital and make it less likely that resources are shared among those in a cohabiting couple family form, making the success and continuity of a business less certain. Lower levels of pooled resources among cohabiting couples, relative to married couples, may also make it less likely that the business will continue across multiple generations.

The previous discussion suggests two additional propositions:

[3] For example, the Philippines is one of only two countries (the other is the Vatican) which forbids divorce (annulment is sometimes an option). However, the Philippines has one of the higher cohabitation rates in the world among young adult women (24%). Bria. Emergence of Cohabitation in the Philippines. https://www.bria.com.ph/articles/emergence-of-cohabitation-in-the-philippines/#:~:text=The%20rise%20in%20union%20breakup,to%2014.5%20percent%20in%202013.

***Proposition 5****. Cohabiting couples will be less likely to launch a family business than married couples.*

***Proposition 6****. Cohabiting couples who own and manage a family business will be less likely than married couples to pass the business on to the next generation.*

## 4. Conducting Research on Cohabiting Couples and other Family Forms

The previous discussion has addressed the prevalence of cohabiting couples, the differences between cohabiting couples and married couples, and the likely outcomes for firms owned by cohabiting versus married couples. We will now turn our attention to suggesting some approaches to incorporating cohabiting couples into family business research.

In addition to empirically examining the propositions presented in this paper, there are other important research questions to explore when researching cohabiting couples. Some of these questions include:

1) Do cohabiting couples manage their businesses much like married couples?
2) What are the characteristics of cohabiting couples who are successful in founding and growing a family business?
3) Do family businesses managed by "committed cohabiting couples" function like those managed by married couples?
4) What are the dynamics of families who own businesses when some of those family members cohabit, and others do not?
5) Does the marital status of family owners and managers affect their power and influence as well as relationships among family members? (In certain cultures, cohabiting family members may be shunned, thus making it less likely that they would be put in a position of power in the business).
6) How do cohabiting couples manage succession given the fact that they are not legally married?

To answer these and other questions, we suggest that researchers initially use qualitative methods to develop "grounded theory" (De Massis & Kammerlander, 2020; Glaser & Strauss, 1967; Holton & Walsh, 2017) by conducting in-depth case studies of cohabiting couples who own and manage businesses (Dyer & Wilkins, 1991). In situations where the nature of a phenomenon is not well-known, as is the case with cohabiting couples who own businesses, a grounded theory approach is most likely to generate insights to develop good theory. Furthermore, when doing such research, we would encourage researchers to use genograms to understand a couple's marital status and the nature of the relationships between individuals in the cohabiting couple's network (e.g., children, siblings, parents, etc.) (Hilburt-Davis & Dyer, 2006). Relationships in a genogram can be designated as "close," "conflicted," "cut-off," "separated," and so forth. A genogram is a useful tool to understand the dynamics of the cohabiting couple and their relationships with others. Moreover, genograms can be used to track changes in marital status and relationships over time.

In conjunction with gaining insights via a genogram, researchers should also look at the cohabiting couple's impact on the business. In analyzing cohabitors' businesses, researchers could examine the firm's mission and goals, business strategy, organization structure and culture, decision-making processes, and other phenomena (see Hilburt-Davis & Dyer, 2006, for areas to study in a family business). Such research should attempt to understand the interaction between the cohabiting couple's family dynamics and the business. By so doing, we can better understand how cohabiting couples affect the businesses they own and manage.

Comparative case studies of married couples and cohabiting couples' businesses might follow initial in-depth case studies of cohabiting couples' businesses (Eisenhardt, 1989). In doing so, scholars should consider contextual factors that may affect differences between cohabiting and married couples, such as education, length of the relationship, and the presence or absence of children. Historical and longitudinal case studies should also prove useful since researchers will be able to analyze the changing dynamics of a cohabiting couple and their businesses if they decide to marry, break up, or otherwise change their relationship status. We could better understand the impact of cohabitation on family capital and other family firm outcomes by studying those cohabiting couples who decide to marry. Our theory would suggest that human, social, and financial capital would be strengthened if a cohabiting couple married, increasing the probability of family continuity in the business. After conducting such case studies, researchers can then compare their findings with extant research findings on family businesses to identify important differences between cohabiting and married couples' businesses and determine whether existing theory on family firms applies to cohabiting couples' businesses. By engaging in such research, we are likely to find "anomalies"— surprises—that can advance the field of family business (Kuhn, 1970).

Ideally, all family business studies should account for cohabiting couples as well as other family forms. In most studies of family businesses, certain controls are typically used: firm size, industry, percent of family ownership, etc. Researchers might account for cohabiting couples by noting the marital status of each of the principal family members in the business (e.g., single, married, cohabiting) and the family form of each key member (e.g., nuclear, blended, extended, single-parent, etc.). Further, it may be helpful to know if the founder(s) was in a cohabiting relationship when starting the business. Given that the cohabiting history of married couples has been of interest to family scholars, whether family businesses owned by married couples differ as a function of the couple cohabiting before marriage may also be an important avenue of exploration. Researchers using survey-based data should take these variables into account when designing their questionnaires.

In summary, we believe that in future studies of family businesses, researchers should control for marital status as well as family form and family history if possible. By utilizing qualitative and quantitative research methods and examining the impact of marital status and family form on various family business dynamics and outcomes, we will be able to better understand how cohabiting couples—as well as other prevalent family forms—affect family businesses.

## 5. Helping Cohabiting Couples in their Businesses

While the *Family Business Review* was founded to encourage a dialogue between academics and practitioners who wanted to help family firms, much of the early research published in *FBR* was conducted by practitioners. Many of these early articles describe how these consultants went about their practice to help family firms. In the case of cohabiting couples who own businesses, there is little written about how to help them, and some of the advice given to married couples who own businesses might not apply to cohabiting couples. We found one law firm in the United Kingdom, Mills and Reeve, which focuses on helping cohabiting couples make business decisions (Bailey, 2020). This law firm helps cohabiting couples experiencing the following scenarios:

— A cohabitee being brought into their partner's business, or partner's family's business, whether as a director, employee, and/or shareholder;
— The cohabiting couple's home being offered as collateral for business borrowing;
— Joint monies being invested in, or lent, to the family business;
— Inter-company transactions between each cohabitee's business.

Undoubtedly, there are also many other issues that cohabiting couples in business together need to manage over time. Family business scholars can help cohabiting couples' family firms and the practitioners that support these firms by studying the issues these firms face and generating insights with particular relevance to firms featuring this family form.

## 6. Conclusion

In this paper, we have argued that cohabiting couples who own and manage businesses have been neglected by the field of family business. Given their increasing prominence in today's world, we believe that family business researchers need to take them into account in their research. Using prior research from the field of family science, we have posited six propositions regarding the effects of cohabitation on human capital, social capital, and financial capital in family firms and the formation and continuity of family firms. We believe that a combination of qualitative and quantitative methods in future research will help us better understand how this family form—cohabiting couples—affects the functioning of a family business. The findings of such research should also help practitioners be better informed in the attempt to help cohabiting couples succeed in managing the challenges they face.

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European Journal of Family Business (2023) 13(2), 149-161

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# Walking in Parents' Shoes? Factors Behind Students' Succession Intentions in Family Firms

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Research article. Received: 2023-04-02; accepted: 2023-11-02

**JEL CODE**
L26

**KEYWORDS**
succession intention, family businesses, ownership stake, working for parents' business

**Abstract** Succession is one of the crucial processes in family businesses, enabling them to last for generations. On the one hand, more and more businesses will face a situation to choose their successors. But on the other hand, the succession intention among the young potential successors has decreased. Building particularly on the imprinting, human capital and agency theories in the context of entrepreneurship (in general) and family business (in particular), our paper aims to fill the gap between the increasing need for new successors and their decreasing interest in taking over the family business. Our main research question is: How do sex, birth order, working experience and ownership stake in parents' businesses influence the succession intention in family businesses? In addressing this research question, we rely on GUESSS data from 2021, and our sample consists of Slovak students who consider their parents' business as a family business (n = 575). We conclude that students' involvement in parents' businesses due to working experience and ownership stake significantly increases their succession intention. Further, we find that sons want to become successors more likely than daughters. Finally, the birth order has no impact on succession intention. Based on these conclusions, we develop implications for further research and family business practice.

**CÓDIGO JEL**
L26

**PALABRAS CLAVE**
intención de sucesión, empresas familiares, participación en la propiedad, trabajar para la empresa de los padres.

**Caminando en los zapatos de los padres: Factores detrás de las intenciones de sucesión de los estudiantes en empresas familiares**

**Resumen** La sucesión es uno de los procesos cruciales en las empresas familiares, ya que les permite durar generaciones. Por un lado, cada vez más empresas se enfrentarán a la situación de elegir a sus sucesores. Pero, por otro lado, la intención de sucesión entre los jóvenes potenciales sucesores ha disminuido. Partiendo particularmente de las teorías imprinting, el capital humano y la agencia en el contexto del emprendimiento (en general) y de las empresas familiares (en particular), nuestro artículo pretende llenar el vacío entre la creciente necesidad de nuevos sucesores y su cada vez menor interés en hacerse cargo de la empresa. negocio familiar. Nuestra principal pregunta de investigación es: ¿Cómo influyen el sexo, el orden de nacimiento, la experiencia laboral y la participación en la propiedad de las empresas de los padres en la intención de sucesión en las empresas familiares? Para abordar esta pregunta de investigación, nos basamos en datos de GUESSS de 2021, y nuestra muestra está formada por estudiantes eslovacos que consideran la empresa de sus padres como una empresa familiar (n = 575). Concluimos que la participación de los estudiantes en los negocios de los padres debido a la experiencia laboral y la participación en la propiedad aumenta significativamente su intención de sucesión. Además, encontramos que es más probable que los hijos quieran convertirse en sucesores que las hijas. Finalmente, el orden de nacimiento no tiene impacto en la intención de sucesión. Con base en estas conclusiones, desarrollamos implicaciones para futuras investigaciones y la práctica de las empresas familiares.

https://doi.org/10.24310/ejfb.13.2.2023.16550

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## 1. Introduction

The importance of family businesses is undeniable since a significant part of the world's gross domestic product (70 % - 90 %) is produced by family businesses, and they create more than 100 million jobs in the private sector. Also, 85% of business start-ups are financed from family business resources (European Family Business, 2020). The comparison between the performance of family and non-family businesses was studied regarding factors such as return on assets (Family Owned Business Institute, 2021), the profitability of assets and sales (Machek & Hnilica, 2015), structure of assets and agency costs Dyer (2021) with better results for family businesses. On the contrary, family businesses typically have to balance the family and business systems, which are substantially different (Jurova, 2016). To align these two systems, family businesses must create an efficient ownership system (Korab et al., 2008). An integral part of the family business is succession. Succession is a complex and complicated process affected by many external and internal factors (Bracci & Vagnoni, 2011). It is recognised as one of the most critical processes because it determines the further survival of a family business and helps to maintain the balance between the family and business systems. If the family business operations are interrupted, it may lead to loss of wealth or jobs, but it can even destroy the family relationships (Lam, 2009). Many researchers have been working on succession models to eliminate the failures of succession transactions. For instance, Lucky et al. (2011) created one of the first succession models focusing on family business continuity. Further, Bracci and Vagnoni (2011) argued that the succession transaction is not only a change from a predecessor to a successor but also includes tacit knowledge and intellectual capital transactions. Another succession model by Michel and Kammerlander (2015) summarises the succession planning findings and synthesises the four phases of the succession transaction - trigger, preparation, selection, and training. Interestingly, the willingness of potential successors to continue in the family business also increases the willingness to participate in future training (Plana-Farran et al., 2022). One of the new models is the theoretical model using the imprinting theory of nurturing successor willingness (Marques et al., 2022). Hence, we can conclude that succession is a long-term process that requires adequate planning. Succession planning should be initiated from the childhood of a potential successor, where appropriate conditions for developing values, skills and behaviour must be prepared. Moreover, all family members must participate to build trust and good relationships within a family firm (Wasim & Almeida, 2022).

Irrespective of how well the predecessor plans the succession process, its success requires engagement and interest in taking over the family business from the future successor. However, regarding succession intention, the GUESSS reports offer alarming findings. The 2015 GUESSS report showed that 3.5 % of university students wanted to become successors in the family business immediately after graduation, while 4.9 % wanted to be successors five years after school and pointed out a 30 % decrease in students' interest in taking over parents' business (Zellweger et al., 2015). Furthermore, the latest GUESSS report from 2021 showed another decrease in succession intention. Only 1.9 % of students wanted to become successors immediately after graduation, and 2.5 % preferred this career choice five years after school (Sieger et al., 2021). The researchers explain this negative trend by the increasing attractiveness of other labour market opportunities, but also by more informed considerations of potential successors. Therefore, even with their lower number, the potential future successors can be better prepared and motivated (Zellweger et al., 2015).

From one side, we see that students' global interest in becoming successors in family firms is declining. On the other side, succession transaction is one of the most important activities to ensure the survival of the business. However, the previous research is mainly focused on the success of succession transactions. Regarding succession intention, the researchers measure the decrease of potential successors, but suggestions on how to motivate potential successors to become successors are missing. Therefore, the main focus of our paper is to study factors behind succession intention among the young generation to understand future potential successors better. Taking into account previous research, we decided to examine the role of working experience using human capital theory (Becker, 1994) and the role of ownership stake based on agency theory (Jensen & Meckling, 1976), due to the lack of literature with this concern, especially in East Central Europe. Next, we focus on birth order in pursuance of birth order theory and on the role of sex. Few researchers use GUESSS data in these areas, and former research findings brought many discrepancies, as even the theories employed opposed each other. We closer look at the great man theory (Carlyle, 1840), misfit theory (Hofstede et al., 2004) and push-pull factors theory (Kirkwood, 2009). These theories are not often used when examining the field of family businesses. Thus, they deserve closer examination and could help to understand the offspring's motivations to become successors in the future.

As for the specific context of Slovakia, with only around three decades of free market economy, the experience of Slovak family businesses with succession is relatively low, while this issue gradually gains importance as more and more family businesses are maturing towards the first generational transition. This is not only the case in Slovakia but, in fact, in most of its fellow former Eastern-bloc countries. Accordingly, the body of knowledge on family business succession in the region is still emerging, which underlines the need for our study. Exploring the succession intention in the Slovak environment can help better prepare for the coming generational transitions and understand potential successors' motivations, resulting in a positively developing business environment.

## 2. Literature Review

In this section, we revise the literature on the selected potential factors to explain the theoretical rationale alongside the findings of former related research.

### 2.1. Working for parents' business

Previous personal experience working for parents' businesses is studied for its effect on their offspring's career choices, especially as not all entrepreneurs tend to engage their children in working for their firms (e.g., Tabares & Cano, 2018). When working for parents' businesses, children naturally adopt their parents' behaviour, norms and values. The parent becomes a role model to whom they want to be similar in future (Carr & Sequeira, 2007). However, the impact of closely observing parent entrepreneurs at work on offspring succession decisions might not always be positive. In some cases, observing the reality of being an entrepreneur, which includes frequent obstacles, problems with various stakeholders, personal sacrifice, and risks, might have the opposite effect (Zhang et al., 2014). The perception of offspring's work by family business employees is important, too. Knowing the future successor is crucial not only within the family but also among the professionals and employees working in the family firm. They should meet and know the future successor, and thus, their work in the firm to be taken over is important (Corona, 2021). Moreover, the active involvement of a potential successor can help build a reputation and recognition as a potential future leader of the family business (Kallmuenzer et al., 2022). However, one of the biggest mistakes is when parents let the offspring choose the position to work on and give them an unlimited space for realisation, especially when they lack the required knowledge or qualification. This leads to a negative perception of the offspring's work in the family business and decreases the satisfaction of other employees (Andrejcakova, 2022).

As for the working experience as a potential driver of succession intention, Cieślik and Van Stel (2017) found out that young people from family business environments who have been working for their parents' businesses are more likely to become successors than independent entrepreneurs in the future. Hence, the family business is an incubator affecting the career choice decision between an entrepreneur and a successor (Fairlie & Robb, 2007). Further, working in their parents' company could help descendants to learn about business and, based on such experience, they are better prepared to make good decisions as future successors. In fact, decision-making will be one of the most crucial tasks in their potential future owner-manager roles, so such a working experience is indispensable (Danihel, 2022). However, some authors argue that it is important to differentiate between the types of work which an offspring performs in the family business, which typically relates to their age and education (Ashraf et al., 2019). According to human capital theory, a person can build own capital due to education and experience. In some situations, experience is a more powerful learning tool than education. Human capital attributed to experience can be crucial for entrepreneurial success (Becker, 1994). In the context of succession, previous working experience in family business can increase descendants' motivation to become successors. Therefore, we propose a hypothesis:

***Hypothesis 1 (H1)****. There is a positive relationship between students' work experience in the family business and their succession intention.*

### 2.2. The role of birth order

From a family perspective, choosing the successor is based on the cultural norms which are differentiated from country to country. The factors linked with family relationships, such as birth order, blood relations or sex, are more likely to be influenced by cultural norms. These factors have an impact on the early phases of the succession process (Daspit et al., 2016). However, more and more family businesses try to eliminate the influence of cultural norms, including birth order.

From a potential successor perspective, there are four categories of motives that Sharma and Irving (2005) called commitments. First is the affective commitment, which is based on personal desirability. Second is the normative commitment, which is based on the perceived duty. Third is the calculated commitment, which is based on perceived opportunity cost, and fourth is the imperative commitment, based on the perceived need of the family business. The relationship between the birth order and the succession intention is related especially to normative commitment. This is why the firstborn children (especially sons) are more likely inclined to the successor role in a family business. We see some similarities with birth order theory (Robinson & Hunt, 1992), which explains that the birth order of children can lead to different personality traits, different behaviours and different experiences. First-born children can receive more attention from their parents but also experience more pressure to succeed or to follow their path. Regarding different behaviours among siblings, Sulloway (2001) studied the relationship between the birth order and the personal development of offspring. The study showed personal differences between firstborn and later-born children, mainly because of different interpretations of childhood memories. The firstborn children may be motivated to succeed by playing by the rules dictated by the parents, while the later-born children tend to fight against their parents' rules. They try to modify the rules against the firstborn child because they want to show that they are unconventional and risk-tolerant. Therefore, the firstborn successors may become the leaders who follow the parents' model business. However, the later-born successor may become innovative leaders, which can lead to new opportunities but risks as well (Nicholson, 2008).

The rivalry among siblings occurs in the succession process quite frequently. It appears especially when the selection process is omitted, and the successor is chosen in advance. The conflict among siblings escalates when one of them is preferred. Therefore, it is crucial to make the selection process among descendants. Thanks to the selection process, conflicts and rivalry among siblings are eliminated. Moreover, the decision about the future successor is more accepted by employees when the choice is made according to a certain approach (Filser et al., 2013). A completely different approach to forming a family business succession can be based on the shared leadership principle, where there is not only one successor but a team of siblings who share the role of successor (Cisneros et al., 2022).

The role of birth order in family business succession has already been studied in family business research. For example, Aldamiz-Echevarria et al. (2017) found out that successor choice in family businesses is influenced by the birth order, then the experience and skills often linked with age and the level of compatibility with family expectations. Furthermore, they argue that the birth order plays a greater role when the successor is a son. As they explain, this is caused not only by parents' decisions but also because many women decide to leave the family business. A similar finding was provided by Cavicchioli et al. (2018), who examined the succession intention of a sample of Italian farmers, concluding that the highest succession intention was shown by their firstborn sons. On the other hand, Schlepphorst and Moog (2014) claimed that the major factor affecting the choice of the potential successor is personality, which was found to be more important than sex or birth order. Based on previous research, we propose a hypothesis:

***Hypothesis 2 (H2)****. There is a significant relationship between birth order and succession intention.*

**2.3. The role of sex**

Zellweger et al. (2015) identified a lower succession intention among daughters than among sons. Of course, this relationship changes from country to country. The biggest sex gap in succession intention was found in France, Columbia and Canada. On the contrary, higher succession intention among daughters than among sons was discovered in Germany, Finland, Malaysia and Lichtenstein. Many factors are considered when trying to explain the sex gap in family business succession. Traditionally, it is explained by social roles defined according to sex. For example, Hofstede's masculinity dimension describes the impact of the masculinity level on society. The higher the masculinity is in the country, the bigger the sex gap in terms of succession intention in the country (Hofstede, 2001). Further, Belda and Cabrer-Borrasa (2018) found that women from South Europe are motivated to become successors when they acknowledge university education, and the family business compiles a succession plan. Also, daughters see many positives in a successor role, such as a pride to continue in the family business, comfort in the workplace, shared family values, more time spent with family or flexible working time (Vera & Dean, 2005). Further, the sex of parents also impacts the career choices of male and female offspring. As there are typically more male than female entrepreneurs, the sons have more opportunities to observe fathers' work in business (Shinnar et al., 2018). While daughters can be inspired by their fathers' work too, the influence of mothers' work was found to be stronger. Similarly, sons are more influenced by the work of their fathers than mothers (Hoffmann et al., 2015). Furthermore, as fathers often encounter challenges in managing their family roles and business ownership, they tend to spare daughters from family businesses (Vera & Dean, 2005). When it comes to a succession process, fathers hesitate to include daughters in everyday business matters or allow

them to monitor the business processes (Glover, 2014). Despite the fathers' hesitation to include daughters in family business operations, the daughters can value the fathers' work more than sons. However, this is still insufficient to consider the successor career path (Humphreys, 2013). In fact, young men whose parents are entrepreneurs are almost twice as likely to pursue an entrepreneurial career than young women with parents entrepreneurs (Bloemen-Bekx et al., 2019).
Finally, the successor's sex also seems related to other factors influencing succession intention. First, as for the birth order, as we already mentioned above, the firstborn sons are most often chosen as the successors. Interestingly, when descendants do not have any siblings, the difference between daughters' and sons' succession intentions is lower (Zellweger et al., 2015). Further, Ahmed et al. (2021) studied the influence of several factors on succession intention in an early phase of career choices or even before the career. Their results indicate that parents' support and working experience in parents' businesses have a moderate positive impact on succession intention among daughters. Next, the role of parents and the influence of social groups also show a moderate positive impact. And finally, working for parents' businesses strongly predicted succession intention in countries with a lower sex gap (Ahmed et al., 2021).
Regarding theories, no theory confirms that men are better entrepreneurs/successors than women, except the great man theory (Carlyle, 1840). However, the great man theory is highly criticised, as it suggests that the role of leader, manager or someone in charge with power (in our case future owner of a family business) requires characteristics such as charisma and excellent rhetoric skills, and it considers a man to be born as a great leader who is more likely to possess these characteristics compared to women. Contrarywise, the misfit theory (Hofstede et al., 2004) explains that the people who do not see fairness in working conditions in the labour market become entrepreneurs (or successors). This can involve women, immigrants or different minorities. Finally, the push-pull factors theory (Kirkwood, 2009) examines that more important than sex is the right motivation for men and women. This means that both men and women can be entrepreneurs or successors when they are motivated properly. Based on the literature review, therefore, we propose the following hypothesis:

***Hypothesis 3 (H3)****. There is a significant relationship between sex and succession intention.*

**2.4. The personal ownership stake in the family business**

Only a few studies examined the relationship between succession intention and personal ownership stake in family businesses. The study of Sharma et al. (2001) found out a positive relationship between expected payable dividends and the tendency of successors to continue in the family business. The more dividend is paid, the higher the succession intention. A similar study examined the impact of the ownership stake on the managers, confirming that the greater ownership stake of family managers is positively related to improved performance, measured by ROA (return on assets). The authors argue that managers are aware that higher performance will be rewarded by higher financial compensation (Amran & Ahmad, 2010). On the other hand, the role of ownership stake might be also influenced by the cultural context. For example, in China, all descendants typically inherit the same ownership stake, irrespective of their sex or age, to ensure continuity in their involvement in the family business. Moreover, equal ownership stakes eliminate sibling rivalry and increase the chosen successor's acceptance. In this context, the ownership stake does not influence the succession intention, because the stakes among all siblings are the same (Yan & Sorenson, 2006).
In family business literature, the ownership stake is often studied for its influence on the organisation and performance of family businesses. For example, the F-PEC model (P - Power, E – Experience, C – Culture) emphasises the role of power as a significant factor. The power is based on the proportion of shares owned by the family, the number of managers from among family members, and the number of members of the Board of Directors belonging to the family (Astrachan et al., 2002). Further, the ownership issue is often related to the agency theory, which is used when the interests of business owners and managers-agents differ (Fama & Jensen, 1983). These differences are solved by offering the ownership stakes in family businesses to agents. Also, agency theory (Jensen & Meckling, 1976) states that managers' interest is improved when they get a stake in a business. Moreover, there is a positive relationship between the managers' ownership stake and the company's future revenues (Nyberg et al., 2010). Thus, we can assume that when children get an ownership stake in a family business it can lead to higher interest in this business and, in turn, that can lead to a higher succession intention. Therefore, we propose the following hypothesis:

***Hypothesis 4 (H4)****. The offspring with personal ownership stake in the family business have* *higher succession intention than those with no ownership stake.*

## 3. Research Methodology

Our analysis is based on the GUESSS (Global University Entrepreneurial Spirit Students´ Survey) project data collected in 2021 from the population of students at universities in Slovakia. The GUESSS 2021 Slovak sample comprised 5,754 students, 1,819 of them (31.6%) having parents entrepreneurs (either one of the parents being self-employed or majority owner of a business). Among these, 575 considered their parents' business as a family business, thus representing the main sample of our study. This sample comprised 386 female and 188 male students (one respondent did not indicate their sex) with a mean age of 22.97 years.

The **dependent variable** of our analysis is succession intention. The respondents were instructed to indicate their level of agreement on a Likert-type scale from 1 (fully disagree) to 7 (fully agree) with the following statements:

- I am ready to do anything to take over my parents' business.
- My professional goal is to become a successor in my parents' business.
- I will make every effort to become a successor in my parents' business.
- I am determined to become a successor in my parents' business in the future.
- I have very seriously thought of taking over my parents' business.
- I have a strong intention to become a successor in my parents' business one day.

The statements are derived from the entrepreneurial intention questionnaire developed by Liñan and Chen (2009), while the items were modified to refer to the respondents' succession intention in the business run by their parents. To determine the value of the succession intention, we used the average score of the six items listed above. These items exhibited a Cronbach's alpha coefficient of 0.978, reflecting high internal consistency. To bolster the robustness of our analysis, we also employed composite reliability (CR) and average variance extracted (AVE) as indicators of the latent construct's internal consistency and convergent validity. Notably, our results yielded a CR value of 0.983 and an AVE value of 0.919, both of which are exceptionally high, affirming the remarkable reliability of the indicators used to assess our latent construct. These findings underscore that the observed variables offer a consistently accurate representation of the underlying construct.

The **independent variables** in our research are:

- Working experience in parents' business: respondents indicated whether they have been working for their parents' business (yes = 1, no = 0).
- Birth order: recalculated from the respondents' answer to the item 'How many older siblings do you have?'. When respondents answered 'zero', they were considered as a firstborn child (firstborn = 1, otherwise 0).
- Sex: respondents were asked to indicate their sex (male = 0, female = 1, other = 2).
- Ownership stake: respondents indicated whether they have a personal ownership stake in their parents' business (yes = 1, no = 0).

We used the Mann-Whitney U test and the Multiple Linear Regression to analyse the relationship between the selected factors and the succession intention. In particular, the nonparametric independent samples Mann-Whitney U Test was used to compare two types of variables: dichotomic (variable with two values - two populations, for example, populations of students working in their parent's business, and those not working in their parent's business) or ordinal variable which does not have the normal distribution. The null hypothesis is formulated formally. The hypotheses that we formulated are the alternative hypotheses ($H_1$). Therefore, when rejecting the null hypothesis, we confirm the statistical significance of the assumed relationship (Bolekova et al., 2017). Multiple Linear Regression was used to examine the relationship between the dependent variable – succession intention, and a group of independent variables – sex, birth order, working in parents' business and personal ownership stake in parents' business. The analysis identified how the group of independent variables influences the dependent variable. In our analysis, we have employed IBM SPSS v.25 statistical package for hypothesis testing, MS Excel for the presentation of data in graphs and tables, and Wolfram Mathematica for calculating the relationship of Multiple Linear Regression.

## 4. Results

Based on the Mann-Whitney U test results, we reject the formal null hypothesis and confirm hypothesis 1 that a positive relationship exists between students' work experience in the family business and their succession intention. Figure 1 illustrates the distribution of responses. The left side presents the responses of students who have not been working in their parents' businesses (202 students from our sample), while the right side displays those with work experience in their family businesses (373 students). The mean rank shows a level of succession intention. The higher the mean rank value, the higher the succession intention. Thus, the students who have been working in their parents' businesses show higher succession intention (313.73) compared to their counterparts with no such involvement in their family firm (240.49).

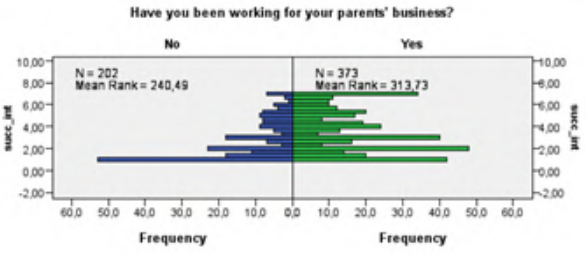


Figure 1. Mann-Whitney U Test H1
Source: Own elaboration based on GUESSS 2021 data

Table 1. Mann-Whitney U Test H1

| | |
|---|---|
| Total N | 575 |
| Mann-Whitney U | 47 269.500 |
| Wilcoxon W | 117 020.500 |
| Asymptotic Sig. (2-sided test) | 0.000 |

Source: Own elaboration based on GUESSS 2021 data

Table 1 shows the value of testing criteria (U=47 269.5) and the two-sided significance ($p < 0.001$), which is two-sided because H1 is two-sided as well. The relationship is significant when the p-value is smaller than alfa (in this scenario alfa = 0.05). Therefore, the test results confirmed that the succession intention is significantly higher among the students who have been working in their parents' businesses.

Mann-Whitney U Test did not confirm the statistical significance of the relationship between the birth order and the succession intention (U = 43 293; p = 0.194) (Figure 2 and Table 2). Therefore, H2 was rejected. Thus, surprisingly, among Slovak students, the succession intention is higher among the later-born descendants (298.12) than among the first-born descendants (280.05). However, as the p-value (p = 0.194) is bigger than alfa (0.05), this relationship is only on a level of coincidence. Our sample consisted of 322 students born as a first child and 253 students born after their oldest sibling.

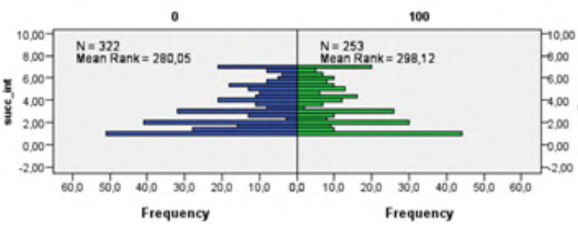


Figure 2. Mann-Whitney U Test H2
Source: Own elaboration based on GUESSS 2021 data

Table 2. Mann-Whitney U Test H2

| | |
|---|---|
| Total N | 575 |
| Mann-Whitney U | 43 293.000 |
| Wilcoxon W | 75 424.000 |
| Asymptotic Sig. (2-sided test) | 0.194 |

Source: Own elaboration based on GUESSS 2021 data

Results showed a significant relationship between sex and succession intention. Mann-Whitney U Test confirmed a statistically significant difference between sons and daughters (U = 30 571.000; p = 0.002). In Figure 3, we can see that our sample comprised 386 daughters and 188 sons. The mean rank of succession intention was found to be higher among sons (317.89) than among daughters (270.70).

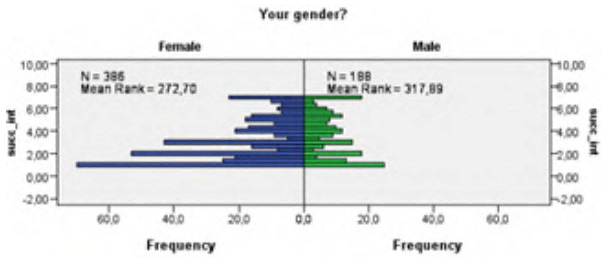


Figure 3. Mann-Whitney U Test H3
Source: Own elaboration based on GUESSS 2021 data

Table 3. Mann-Whitney U Test H3

| | |
|---|---|
| Total N | 574 |
| Mann-Whitney U | 30 571.000 |
| Wilcoxon W | 105 262.000 |
| Asymptotic Sig. (2-sided test) | 0.002 |

Source: Own elaboration based on GUESSS 2021 data

We tested the level of succession intention among students who have a personal ownership stake in the family business (74 students) and those who do not have a personal ownership stake in the family business (501 students). The Mann-Whitney U Test indicated that the difference was significant between the compared groups. The students with a personal ownership stake in family business exhibited a higher mean rank of succession intention (334.26) than those without an ownership stake (281.17). Based on this finding we confirm the H4 (U = 21 960; p = 0.010).

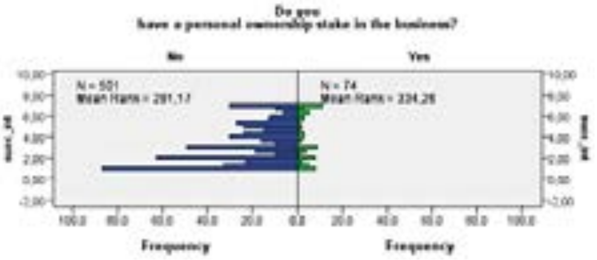


Figure 4. Mann-Whitney U Test H4
Source: Own elaboration based on GUESSS 2021 data

Table 4. Mann-Whitney U Test H4

| | |
|---|---|
| Total N | 575 |
| Mann-Whitney U | 21 960.000 |
| Wilcoxon W | 24 735.000 |
| Asymptotic Sig. (2-sided test) | 0.010 |

Source: Own elaboration based on GUESSS 2021 data

Further, we used regression analysis in order to address how sex, birth order, working experience and ownership stake in parents' businesses influence the succession intention in family businesses. We performed an ANOVA test over the group of independent variables, i.e., sex, birth order, working in parents' business and ownership stake. The results of the regression analysis are demonstrated in Table 5.

Table 5. Regression analysis results

| | F value | df | Sig |
|---|---|---|---|
| Sex | 6.1331 | 1 | 0.014* |
| First-born | 1.3001 | 1 | 0.255 |
| Working in parents' business | 19.2694 | 1 | 0.000*** |
| Ownership stake | 8.5252 | 1 | 0.004** |

Source: Test in Wolfram Mathematica based on GUESSS data 2021

Before we analyse the results, we discuss the potential multicollinearity of our data, which was analysed through the Variance Inflation Factor (VIF). The outcome of the test is shown in Table 6.

Table 6. Variance inflation factor

| Sex | First-born | Working in parents' business | Ownership stake |
|---|---|---|---|
| 1.001 | 1.010 | 1.020 | 1.016 |

Source: Test in Wolfram Mathematica based on GUESSS data 2021

The level of VIF is low so no major multicollinearity in data is present. Our results show a significant influence in the case of all independent variables except the 'first-born' variable. It means that first-born offspring in our sample do not exhibit higher succession intention. This result is in line with the result of testing hypothesis H2. The sex shows moderate significance (as the p-value is less than 0.05), while the ownership stake shows strong significance (the p-value is less than 0.01) and working experience in parents' business shows the strongest significance among the independent variables (the p-value is less than 0.001). The value of the determination coefficient ($R_{sq}$ = 0,0637) shows that almost 7% of the variance in succession intention could be explained by this relationship. Specifically, in the case of 7% of the students considering their parents' business as a family business, the succession intention is influenced by sex, working in parents' business and by ownership stake.

## 5. Discussion

This paper aimed to examine the influence of sex, birth order, ownership stake and working experience in parents' businesses on succession intention among Slovak students who consider their parents' business as a family business. The paper offers a better understanding of succession intention, which shows an overall decreasing tendency over the last few years. Based on the Mann-Whitney U Test results, we tested the relationship between succession intention and particular independent variables, which we describe below. Further, we compare the strength of the relationship between the succession intention and the examined variables (sex, birth order, working experience in parents' business and ownership stake influence) in linear regression analysis. Our findings suggest that working in parents' businesses has the most significant impact on succession intention, followed by having a personal ownership stake in parents' businesses. The descendant's sex shows a medium significance in relation to the succession intention. Finally, the birth order was found to have no significant influence.

We hypothesised a positive relationship between working involvement and succession intention based on previous research (Carr & Sequeira, 2007; Cieślik and Van Stel, 2017) and human capital theory (Becker, 1994), which was confirmed. We can conclude that successors build their capital through working experience in family business. Working experience can eliminate the fear of the future, help to build relationships with business networks (Corona, 2021) and help to build a reputation in family business advance (Kallmuenzer et al., 2022).

Surprisingly, our findings do not confirm the significant relationship between birth order and succession intention. The majority of literature indicates that the succession intention of first-born children is higher compared to their siblings who were born later (Aldamiz-Echevarría et al., 2017; Cavicchioli et al.., 2018; Schenkel et al., 2016). Still, the former evidence remains ambiguous, as certain studies argue that the birth order does not have an impact on succession intention, or that the succession intention between first-born and later-born children differs only right after studies but remains similar in the longer term (Holienka et.al., 2019). The absence of a significant relationship in our results could be explained by relatively lower levels of normative commitments among the first-born offspring. The normative commitments are based on social expectations, which, according to Sharma and Irving (2005) explain why the first-born children could have higher succession intentions compared to their later-born siblings. However, it seems that the current generation of first-born successors might not consider social expectations as a strong enough factor to determine their succession aspirations. Referring to birth order theory (Robinson & Hunt, 1992), it seems that Slovak first-born children do not want to follow the same career path as their parents or are interested in their own decisions despite the potential conflict with parents.

Next, our results propose that male offspring exhibit significantly higher succession intention in family businesses compared to their female counterparts. This sex gap has already been identified by several studies (Hoffmann et al., 2015; Holienka et al., 2019; Shinnar et al., 2018; Zellweger et al., 2015), so our findings further add to its validity. Regarding the theories concerned, we see the best fit with our findings with the push-pull factors theory (Kirkwood, 2009), where the appropriate motivators are more important than the sex factor. Finding the right motivators can improve succession intention among both sons and daughters, reducing the sex gap.

Further, we confirmed that the students with personal ownership stakes in family businesses have higher succession intentions. So far, only a few studies have been dedicated to studying the influence of this factor (Sharma et al., 2001; Yan & Sorenson, 2006). Following the agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), we can compare situations when managers are motivated by the ownership stake in the companies they manage and when potential successors can be motivated by ownership stake to become future successors of the family business.

### 5.1. Theoretical implications

The theoretical implications of our study lie especially in demonstrating the application of the considered theories in the context of potential family business successors in Slovakia. By doing so, we demonstrate their validity in this specific context to address the expected relationships therein with further research. In particular, the results on the relationship between the work experience in family business and succession intention are in line with the human capital theory (as developing the relevant human capital through working experience could contribute to fostering offspring's interest in succession) and the imprinting theory (as the work experience might represent one of the channels to imprint the family business-related values and beliefs). Regarding ownership stake and succession intention, our findings agreed with the agency theory, as the ownership stake can increase overall interest in business and the higher interest can lead to a higher probability of becoming a successor. On the other hand, we see also contradictions between theories and our findings. While the birth order theory explains that firstborn children tend to become successors more often than later-born children, mainly because of their subconscious effort to please their parents' expectations, our findings show that the current generation of potential successors might not perceive the parents' expectations as a significant factor to form their succession intention. When it comes to the relationship between sex and succession intention, results show higher succession intention among sons than among daughters. This can mean that women perceive many opportunities in the labour market and do not consider themselves disadvantaged, as the misfit theory may propose. More working opportunities might decrease entrepreneurial and succession intention. In line with the practical implication presented below and in the context of all our findings, we see the best fit with push-pull theory, where more important than sex is the right motivation of successors.

### 5.2. Practical implications

Based on the results from our study, we come with the following practical implications. Firstly, working in the parents' business allows potential successors to understand the business processes and the industry, but also to meet the employees working in the family firm. The working experience also gives one a better view of the successor's future role in the business and enables their better preparation for the role. Involvement in a family business can help build confidence that potential successors possess the required skills and knowledge in order to run the family business.

Secondly, based on our findings, we recommend parents to incentivise the succession intention among potential successors by giving them a personal ownership stake in the family firm. Owning a stake in the family business enables one to feel like a part of it, and team members typically want to contribute to the best possible performance of the business. Moreover, thanks to their ownership stake, the descendants could feel motivated to cooperate in business activities.

Thirdly, the recommendations on how to eliminate the sex gap and encourage young women to take the role of potential successors involve mainly the domain of education and training. More particular, they shall contribute to building self-confidence among family business owners' daughters that they have sufficient skills and knowledge to manage the role of a successor. Moreover, the existence of a succession plan in parents' business increases the succession intention among daughters. Former research already indicated that in countries with higher education levels and companies with an established succession plan, the sex gaps in succession intention are lower (Belda & Cabrer-Borrása, 2018). It would also be beneficial if all children, no matter the sex, had a chance to work in their families' businesses. Further, it is necessary to eliminate the stereotyping of the social roles of men and women (Zellweger et al., 2015) in relation to entrepreneurship and beyond. Last but not least, we recommend parents offer equal opportunities to daughters and sons, as they are often inclined to subconsciously save the daughters from the demanding life of running a family business (Vera & Dean, 2005).

### 5.3. Limitations

Our research is not exempt from limitations. The main limitation lies in the cross-sectional nature of the data and the subjectivity of respondents' indication of their succession intention. Also, the respondents could tend to choose the medium value in the case of the items measured on a scale. However, the sample was sufficient in size and reliability in order to respond to these limitations. Next, the geographical area can also be seen as a limitation because Slovak students' research sample has certain specific, which can differ from other geographic areas. Therefore, the extent to which the findings can be generalized is limited, and replication of this study is encouraged in other countries and regions.

### 5.4. Future research

Finally, our study also raises several implications for future research. While the succession intention is a frequently discussed topic in academic literature and family business practice, there are still areas that require further examination. For example, researchers have not yet dedicated sufficient attention to the study of the relationship between the ownership stake and succession intention in detail. As our results propose that this factor plays a significant role, this area deserves a closer look. Also, as we have indicated the significant role of work experience in the parent's business, we encourage further research to examine with closer attention the mechanisms of interactions between the parent, the offspring, the aspects of the company and the character of this work engagement, in terms of their relation to the family business succession intention. Furthermore, in response to the decreasing interest among the young generation to take over the family business, we assume that the future research shall also address the factors negatively influencing these interests as well as the "dark side" of family business succession and the related coping strategies. Overall, we also anticipate that the area of succession intention research will remain a highly debated topic in the former Eastern-bloc countries, particularly due to the upcoming wave of necessary succession transactions among the family businesses with aging generation of founders.

## 6. Conclusion

We can conclude that working in parents' businesses, a personal ownership stake in parents' businesses and sex significantly impact succession intention, unlike birth order, which was not found to significantly influence succession intention. However, the factors differ in their intensity. The most significant factor in our study is the working experience in parents' businesses. The ownership stake shows strong significance, while sex shows moderate significance. Based on the results we suggest that family business owners involve their children in family businesses, so descendants can feel more prepared for future roles as successors. Then, giving a potential successor personal ownership stake in the family business can improve their overall interest in their parents' businesses and increase their motivation to become successors in future.

## Ethical statemet

The authors confirm that data collection for the research was conducted anonymously and there was no possibility of identiying the participants.

## Acknowledgements

This work was supported by the Slovak Research and Development Agency under the Contract no. APVV-19-0581. This paper is based on data from the Global University Entrepreneurial Spirit Students' Survey - GUESSS. Comenius University Bra-

tislava, Faculty of Management is the national GUESSS coordinator in Slovakia.

## Author Contributions

Diana Suchankova: literature research, writing – original draft. Marian Holienka: supervision, data collection, hypotheses testing, writing – review & editing. Peter Pšenák: regression analysis, methodology research.

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European Journal of Family Business (2023) 13(2), 162-181

uma editorial
EUROPEAN JOURNAL OF FAMILY BUSINESS
http://www.revistas.uma.es/index.php/ejfb

# Disentangling Family Firm Heterogeneity: Evidence from a Cross-Country Analysis

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Research article. Received: 2023-09-23; accepted: 2023-12-03

**JEL CODE**
F23, J23, L26

**KEYWORDS**
Family firms, Corporate governance, Typology, Family business heterogeneity, Non-economic goals, Firm performance, Family business context

**Abstract** The existing typologies, classifications that identify types of family firms based on specific characteristics, aim to enhance our understanding of the heterogeneity of family businesses. However, these typologies fall short in thoroughly exploring and predicting behavioural and performance consequences associated with being categorized within specific classifications. Furthermore, the majority of the existing analyses have been empirically tested in one single country. To address these two research gaps, we use a sample of 814 small- and medium-sized family firms operating in 21 countries, collected by the STEP Project Global Consortium. This sample is employed to classify family firms based on their corporate governance similarities and explore their behavioural and performance patterns. Building on the principles of the configurative approach, we find that each of the four family firm configuration—group of family firms with related corporate governance mechanisms—has a unique yet similar combination of patterns in terms of transgenerational entrepreneurship practices, non-economic goals, and firm performance. Additionally, expanding on the isomorphic effect, we find evidence indicating that certain world macroregions exhibit a greater propensity for specific corporate governance configurations compared to others.

**CÓDIGO JEL**
F23, J23, L26

**PALABRAS CLAVE**
Empresas familiares, Gobierno corporativo, Tipología, Heterogeneidad, Objetivos no económicos, Desempeño empresarial, Contexto de la empresa familiar

**Dilucidando la heterogeneidad de la empresa familiar: Evidencia de un análisis multipaís**

**Resumen** Las tipologías existentes, clasificaciones que identifican tipos de empresas familiares basadas en características específicas, buscan mejorar nuestra comprensión de la heterogeneidad de las empresas familiares. Sin embargo, estas tipologías no han logrado predecir los comportamientos y rendimientos de las empresas familiares ligadas a clasificaciones específicas. Además, la mayoría de los análisis existentes han sido probados empíricamente en un solo país. Para abordar estas dos limitaciones en la investigación existente, utilizamos una muestra de 814 pequeñas y medianas empresas familiares de 21 países, recopiladas por el consorcio de investigadores y universidades (Proyecto STEP). Esta muestra se emplea para clasificar empresas familiares según sus similitudes en gobierno corporativo y explorar sus patrones de comportamiento y rendimiento. Basándonos en los principios del enfoque configurativo, encontramos que cada una de las cuatro configuraciones de empresas familiares, grupos de empresas familiares con mecanismos de gobierno corporativo relacionados, tiene una combinación única pero similar de patrones en cuanto a prácticas de emprendimiento transgeneracional, objetivos no económicos y rendimiento empresarial. Además, corroborando el efecto isomórfico, encontramos evidencia que indica que ciertas macro regiones mundiales muestran una mayor propensión a configuraciones específicas de gobierno corporativo en comparación con otras.

https://doi.org/10.24310/ejfb.13.2.2023.17638

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## 1. Introduction

Corporate governance is essential for family firms because it supports the long-term health of the business (Kano & Verbeke, 2018), promotes family commitment and conflict-resolution platforms (Ciravegna et al., 2020), and embraces enduring relationships with other stakeholders (Kano et al., 2021). Furthermore, business and family governance mechanisms are essential components of family firms (Basco, 2023; Parada et al., 2020) because they capture the essence of the family and business system, facilitate particularistic behaviour (Nordqvist et al., 2014), and stimulate transgenerational entrepreneurial actions (Cruz et al., 2006). However, not all family firms have identical corporate governance structures. There is a consensus in family business research that family firms cannot be regarded as a homogeneous group (Brune et al., 2019; Hernández-Linares et al., 2017). To understand family business heterogeneity, which is the scope of the differences that exist among family firms (Daspit et al., 2021), the configurative research stream has advanced our knowledge (Neubaum et al., 2019) by proposing different types of family firm classifications (e.g., Dyer, 2006; Westhead & Howorth, 2007). For instance, recent studies have theorised (e.g., Nordqvist et al., 2014) and empirically tested (e.g., Arteaga & Escribá-Esteve, 2021) the existence of different groups of family firms. Within each group, family firms share a similar combination of family and business-oriented priorities regarding corporate governance structures, although differences exist in corporate governance between the groups.

However, the current research has two main limitations. First, existing family firm classifications are informative and descriptive, based on specific corporate governance dimensions; however, they lack explanatory power regarding how family firms behave and perform (Neubaum et al., 2019). Second, existing family firm classifications are contextless (Amato et al., 2022; Gómez-Mejía et al., 2020) and often focus on a single country (e.g., Corbetta, 1995; Rau et al., 2019), leading to a biased interpretation of family firm heterogeneity and hindering the generalisation of knowledge. To address these two research limitations, we extend the configurative research stream to family firms (Meyer et al., 1993) by theorising that family firms categorised according to their corporate governance similarities within each configuration may show comparable behavioural and performance patterns. In other words, we hypothesise that family firms with similar governance characteristics exhibit comparable transgenerational entrepreneurship practices, non-financial goals, and firm performance patterns. Moreover, by integrating configurative research with the isomorphic effect predicted by the institutional approach, which proposes that both formal and informal institutional pressures compel firms to exhibit similar organisational structures (DiMaggio & Powell, 1983), particularly at the governance level, we posit that there are common configurations of family firms within certain macroregions worldwide.

Our study found four types of taxonomies by employing multivariate analyses of the 2018 STEP Project Global Consortium sample, which encompasses 814 small- and medium-sized family firms in 21 countries. First, the group called 'basic' (primarily Latin American firms), which is characterised by firms with no formal governance mechanism, shows low firm performance. Nonetheless, family firms assess their transgenerational entrepreneurship practices positively in terms of proactiveness and pay little attention to non-economic goals. Second, the group called 'family & business' (mostly Asian and Western European firms) with the worst firm performance is characterised by family firms that combine both business and family governance mechanisms. They have a positive assessment of transgenerational entrepreneurship practices in terms of risk-taking and are highly focused on non-economic goals. Third, the family firms in the group called 'business-first' (mostly Western European firms) are characterised by having business governance structures but not family governance ones. They have a moderate assessment of transgenerational entrepreneurship practices and place the lowest importance on non-economic goals but the most positive economic performance. Finally, the family firms that have mainly developed family governance structures but not business governance ones, the 'family-first' group (primarily North American and Latin American firms), show the most negative assessment of the transgenerational entrepreneurship practices, moderate importance of non-economic goals and superior firm performance in terms of firm growth.

This study's results have theoretical and practical implications. First, following the call for more studies addressing the need to capture family business heterogeneity (Jaffe & Lane, 2004; Suess, 2014), we go beyond classification and explore groups' behavioural patterns in terms of transgenerational entrepreneurship practices, non-financial goals and firm performance. By doing so, we present a better descriptive picture of family firm heterogeneity because we open the discussion by providing evidence that the governance structure of family firms may determine their behaviour and performance. Therefore, the configurative approach applied to family business research could not only describe the characteristics that family firms share in the same group or typology but also the consequences of these characteristics in terms of behaviour and performance patterns. Additionally, this study addresses the call to explore family firm heterogeneity across contexts (Gómez-Mejía et al., 2020; Krueger et al., 2021) by empirically revealing the types of family firm configurations that prevail across different world macro-regions. This finding highlights the importance of context as a significant determinant of corporate governance configurations. Therefore, future studies should consider the diverse manifestations of context when exploring, analysing, and forecasting the behaviour and performance of family businesses.

Finally, this study has practical implications for businesses and practitioners. The taxonomic model of family business governance may serve as a useful tool for better understanding the different types of governance mechanisms that family firms may use and combine. In this sense, our taxonomy guides owners, family and non-family managers, and practitioners to understand the distinctions among family business governance across countries and guides governance configurations that are more likely to contribute to transgenerational entrepreneurship practices, non-economic goals, and firm performance. This could help family firms' stakeholders put their governance structure into perspective, which may condition their behaviour and performance and reflect on where the family firm would like to go by developing their corporate governance structures.

The remainder of this paper is structured as follows. Section 2 provides a literature review and discusses the theoretical background of this research. In Section 3, we perform several multivariate analyses to test the proposed configurations and examine their characteristics. Section 4 discusses the results. Finally, Section 5 summarises the key aspects of this study, discusses its theoretical and practical implications, acknowledges its limitations, and proposes avenues for future research.

## 2. Literature Review

### 2.1. Family firm heterogeneity and corporate governance

Family firms are not homogeneous entities (Westhead & Howorth, 2007). Each family firm differs, and these differences are shaped by a variety of firm and family attributes. This diversity contributes to the heterogeneous nature of family firms as a group of firms (Dibrell & Memilli, 2019; Rienda & Andreu, 2021). Generally, family firms vary in two dimensions: family and business. The overlap between the family and business systems makes the governance of family firms different from that of non-family businesses (Aronoff & Ward, 2011). In family firms, governance aligns not only with ownership and management goals but also with the requirements and wills of the family business (Aguilera & Crespi-Cladera, 2012). Therefore, family firms integrate family and business logic by creating corporate governance for both systems (Corbetta & Salvato, 2004). While business governance, such as the board of directors, guides and focuses on a business's long-term survival, family governance, such as family meetings, councils, and constitutions, coordinates family relations with the business and the relationships between members of the family business itself (Carlock & Ward, 2001; Suess, 2014).

The consequences of different corporate governance configurations materialise in unique family business behaviour and performance. That is, different forms of corporate governance generate distinctive human, social, and organisational gestalts. In family firms, alternative forms of governance are effective in stimulating entrepreneurial actions (Cruz et al., 2006), affecting strategic decisions (Basco et al., 2021), keeping the firm's actions in line with non-financial goals (Vandemaele & Vancauteren, 2015), and impacting firm performance (Ensley & Person, 2005).

As family firms exhibit variations, existing research, by applying the logic of the configurative approach (Meyer et al., 1993), classifies them based on how they combine business and family governance structures according to their organisational priorities, family needs and complexities (Gubitta & Gianecchini, 2002). Despite the well-known classification of family firms in terms of their governance structures, no existing research has analysed behavioural and performance similarities among family firms within each taxonomic group and the differences between groups. Based on the configurative approach, we assume that family firms sharing similar governance characteristics within a group exhibit comparable behavioural and performance patterns. In the following subsections, we theorise that firms within each group may show similarities regarding transgenerational entrepreneurship practices, non-financial goals, and firm performance.

#### *2.1.1. 'Basic' family firms (I)*

'Basic' family firms have low levels of complexity in their family and business systems (Levinson, 1983). Family ownership and management are unified in this group. Their boundaries are blurred, and authority is centralised in a single or small group of family members who act on behalf of the family's interests (Davis, 1983). Interactions and discussions between family and non-family members were mostly informal. The cost of implementing governance mechanisms is higher than the cost of conflicts that governance mechanisms attempt to solve (Nordqvist et al., 2014). Basic family firms are expected to not develop governance mechanisms to coordinate family and business relationships. This group of firms is similar to Basco and Perez-Rodriguez's (2011) classification call of 'immature family business', where neither business nor family orientation dominates decision-making. The lack of business and family corporate governance mechanisms may have specific consequences for transgenerational entrepreneurship practices, non-financial goals, and firm performance. We expect that 'basic' family firms have less developed transgenerational entrepreneurship practices, particularly in terms of risk-taking posture, because their decision-making is made with the family´s wealth (Carney, 2005) and they possess a strong tendency towards careful resource conservation. However, 'basic' family firms would show, to some extent, developed transgenerational entrepreneurship practices (more aware of succession than entrepreneurial mindset) because they focus on firm survival across generations. Firms in this group show a lower commitment to non-financial goals and poor firm performance. Their conservative strategy and fewer professional dynamics give them relatively simple family ownership and management structures. Performance is more related to the need for family survival than maximising the return on family investment in the firm.

*2.1.2. 'Family & business' family firms (II)*
'Family & business' firms are organisations in which family members are committed to the success of the business and the family equally (Davis, 1983). Family and business systems are important depending on how extensively the family is embedded in the business in the family (Beckhard & Dyer, 1981). We expect 'family & business' firms to adopt a combination of corporate governance (e.g., board of directors) and family governance mechanisms (e.g., family meetings or family assemblies, family councils and/or family constitutions) that integrate family and business needs and consider their mutual expectations. These firms are similar to Dyer's (2006) 'Professional family firms' or Basco and Perez-Rodriguez's (2011) 'family business first'. Firms in this group would be oriented to transfer from one generation to another and maintain ownership and management control over the firm. Consequently, they comprised a group of firms with higher levels of transgenerational entrepreneurship practices. Family firms that balance their family and business orientations can survive longer (Basco et al., 2020) but are not necessarily the most profitable firms because they must care for non-financial goals (Basco, 2017).

*2.1.3. 'Business-first' family firms (III)*
'Business-first' firms put business complexity ahead of family issues (Siehl et al., 1987). The family serves the business (Levinson, 1983). The business complexity of 'business-first' firms leads to mature business corporate governance (i.e., the board of directors, taking care of its composition). The board of directors plays a central role in governance by assuming control, services, and network tasks to satisfy business requirements (Poza, 2004). Accordingly, it is expected that while business families emphasise financial goals to keep the business-first firm close to family interests, their transgenerational entrepreneurship will be less developed. Thus, family firms with a business-first focus are more likely to make decisions based on their business needs. Family resources do not dominate the firm, and family resources (such as social capital) are used only to maintain firm competitiveness and profitability. Firms with a business-first focus are more likely to follow decision-making practices with decision-making power usually on the board of directors.

*2.1.4. 'Family-first' family firms (IV)*
These are organisations with strong family values, where the business serves the family (Holland & Boulton, 1984). Family members expect to work for the firm as a birth right (Levinson, 1983). In this context, family-first firms are aware of the need to develop family governance mechanisms that ease family and business relationships. Family governance mechanisms (i.e., family meetings, family councils, and family constitutions) may fulfil control and order tasks that promote the link between the family and the business, and mitigate the ambiguity between these two overlapping systems (Nordqvist et al., 2014). These firms are similar to Basco and Perez-Rodriguez's (2011) 'Family-first' firms, where business decisions are subjugated to the family's needs. We expect that family-first firms with such an emphasis on the family will show less developed transgenerational entrepreneurship practices but a high orientation towards non-financial goals at the expense of firm performance. This is because a 'family-first' firm's strategic decision-making is determined by the priorities of the family. In these firms, non-financial goals must fulfil the family's socio-emotional needs. They show strong incentives for parsimony in using resources, as the family intends to retain control over the business.

## 2.2. Family firms and context

The relationship between family firms and context has been an important research stream within family business studies (Soleimanof et al., 2018). Family firms in different countries operate under distinct national cultures and formal institutional arrangements, impacting the manner in which family firms make strategic decisions (Au et al., 2018). Family firms are embedded in a wide array of political, economic, and social institutions that affect their behaviours (Campopiano & De Massis, 2015). Viewed through the contextual lens (Krueger et al., 2021), family firms are embedded in diverse contexts (such us as religion, laws, and regulations) which are unique across countries that have the potential to influence their governance arrangements (Carney et al., 2014).

Spatial distribution of economic activity can explain organisational patterns in family firms (Baù et al., 2019). Specifically, the location where family firms operate is important for their evolution, particularly in relation to the structure of corporate governance (Tylecote & Visintin, 2007). Due to their embeddedness and sensitivity to their context, family firms undergo an isomorphic[1] process. In this sense, family firms may follow a process of homogenisation (DiMaggio & Powell, 1983) through which family firms conform to certain norms and practices established and legitimated by an environment, resulting in homogeneity of corporate governance structures. Therefore, our conjecture is that configurations of family firms may be more common in some geographical regions than others.

## 3. Methodology

### 3.1. Sample

We used the 2018 STEP Project Global Consortium[2] survey data for our empirical analysis, collected from over 40 leading universities worldwide jointly investigating transgenerational entrepreneurship practices. The 2018 STEP Project Global Consortium survey focused on the ‘impact of changing demographics on succession and governance’. The family firms interviewed are those in which a single family has a controlling interest. They expect to pass control and/or ownership to the next generation. The survey respondents were family CEOs or, in cases where the CEO was not a family member, a senior family leader, such as the chairman of the board, main shareholder, chairman of the family council, or someone with a leadership position in the firm.

From an original database of 1830 family firms, we created a purposeful sample that included multigenerational family firms of varying sizes and industries meeting specific criteria that qualify them as significant. Recognising the importance and idiosyncrasies of small and medium-sized family firms (Kampouri & Hajidimitriou, 2023), we selected firms with between 20 and 500 employees, which typically develop their corporate governance identities (Arteaga & Menéndez-Requejo, 2017; Corbetta, 1995). We aim to avoid firms that are too small or large, which are examples of extreme corporate governance. While there is an absence of corporate governance and poor governance practices in extremely small firms (De Kok et al., 2006), large firms have professionalised corporate governance mechanisms by mimicking general best practices (Yildirim-Öktem, 2018).

The final sample comprised 814 small- and medium-sized family firms in 21 countries. Table 1 shows descriptive information about the generation managing the firm, firm size, and the countries in which the firm’s headquarters are located. The average firm age was 47 years, and 12 sectors of economic activity were represented. Regarding firm generation, 193 firms (23.8 per cent) were in the first generation, 486 (59.7 per cent) were in the second generation, and 134 (16.5 per cent) were in the third or later generations. Regarding firm size, 293 firms (36 per cent) had 21-50 employees, 198 firms (24.4 per cent) had 51-100 employees, 154 firms (19 per cent) had 101-200 employees, and 166 firms (20.5 per cent) had 201-500 employees.

### 3.2. Method

We test the governance configurations of family firms by performing a two-step clustering analysis (Chiu et al., 2001). Two-step cluster analysis uses log-likelihood distance measures and automatically determines the number of clusters based on changes in the distance measures (Chiu et al., 2001). Comparisons between clusters of baseline parameters were performed using one-way analysis of variance (ANOVA). These analyses enable us to group firms according to their business and family governance. Family firms were grouped based on whether they had implemented

1. Isomorphism is defined as ‘a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions’ (DiMaggio & Powell, 1983, p. 143).
2. The STEP Project Global Consortium (SPGC) for family enterprising is an initiative launched to explore entrepreneurship practices within family businesses. SPGC is committed to collaboratively research transgenerational entrepreneurship in order to produce highly relevant, applied research which makes a tangible difference to the business families and their stakeholders around the world.

a board of directors, family meetings or assemblies, a family council, or a family constitution. To analyse the behavioural characteristics of each governance configuration, we performed a variance analysis of transgenerational entrepreneurship patterns, non-financial goals, and firm performance. Factor analysis of the principal components was developed for data reduction to measure the variables of interest in the STEP survey. The construct validity was established through the Kaiser-Meyer-Olkin measure and Barlett's test of sphericity. Items with communalities of approximately 0.50 or above, were subjected to reliability analysis. To reinforce the internal validity of the clusters, a in steps discriminant analysis was carried out using the indicators of each dimension as independent variables.

**Table 1.** Distribution of sample firms by generation, size, and country

| | Number of firms | | | |
|---|---|---|---|---|
| | Total | Firstgeneration | Second generation | Third and subsquent generations |
| | 814 | 194 | 486 | 134 |
| Number of employees (% firms) | | | | |
| 21-50 | 36 | 10.9 | 21.3 | 3.8 |
| 51-100 | 24.4 | 5.9 | 14.5 | 4.1 |
| 101-200 | 19 | 3.4 | 11.2 | 4.4 |
| 201-500 | 20.5 | 3.6 | 12.8 | 4.2 |
| Country (% firms) | | | | |
| USA | 13.0 | 3.1 | 7.7 | 2.2 |
| Spain | 8.2 | 2.7 | 4.5 | 1.0 |
| China | 7.0 | 1.1 | 3.6 | 2.3 |
| Mexico | 6.6 | 1.6 | 4.7 | 0.4 |
| Hungary | 6.4 | 1.5 | 3.9 | 1.0 |
| Italy | 6.3 | 0.9 | 4.3 | 1.1 |
| Venezuela | 4.9 | 1.4 | 3.2 | 0.4 |
| Brazil | 4.8 | 1.0 | 3.1 | 0.7 |
| India | 4.3 | 0.9 | 2.7 | 0.7 |
| Netherlands | 4.3 | 1.0 | 2.7 | 0.6 |
| Thailand | 3.6 | 0.6 | 2.0 | 1.0 |
| Colombia | 3.4 | 0.7 | 2.3 | 0.4 |
| Peru | 3.4 | 1.1 | 2.0 | 0.4 |
| Russia | 3.4 | 0.5 | 1.1 | 1.8 |
| Canada | 3.2 | 1.2 | 1.8 | 0.1 |
| Ecuador | 3.2 | 0.5 | 1.8 | 0.9 |
| Taiwan | 2.9 | 0.9 | 1.8 | 0.2 |
| Turkey | 2.9 | 0.9 | 1.6 | 0.5 |
| Chile | 2.8 | 1.1 | 1.6 | 0.1 |
| Germany | 2.7 | 0.6 | 2.0 | 0.1 |
| UAE | 2.5 | 0.6 | 1.5 | 0.4 |

World's macro regions: *Asia:* China, Russian Federation*, Thailand, United Arab Emirates, Taiwan, Turkey, India - *Latin America:* Colombia, Peru, Chile, Ecuador, Brazil, Mexico, Venezuela - *North America:* United States of America, Canada - *Western Europe:* Spain, Netherland, Italy, Hungary, Germany.

*In this study Russian Federation is considered as a physical-geographical region of Central Asia (Cowan, 2007)

### 3.3. List of variables

#### *3.3.1. Dependent variables for ANOVA analysis*

The dimensions of transgenerational entrepreneurship patterns (risk-taking, innovativeness, proactiveness, and pre-and post-succession satisfaction), non-financial goals (family identity and family control), and firm performance (financial return and growth) were defined as the dependent variables in this study.

*Transgenerational entrepreneurship* refers to the family process that leads to entrepreneurial and social values across generations. In family firms, the risk-taking, innovativeness, proactiveness, and succession satisfaction dimensions have greater meaning for transgenerational value. Risk orientation, innovation, and proactiveness are exemplary dimensions of business systems, while succession satisfaction is a dimension of the family system (Zellweger et al., 2012). We proxy for transgenerational entrepreneurship through five constructs: risk-taking, innovativeness, proactiveness (Lumpkin & Dess, 2001), and pre-and post-succession process satisfaction (Ibrahim et al., 2001).

*Non-financial goals* capture stocks of affective endowments (Chua et al., 2018). Because family firm identity and control are considered key drivers of non-financial goals (Deephouse & Jaskiewiz, 2013; Gómez-Mejía et al., 2007), we proxy non-financial goals through the constructs developed by Berrone et al. (2010) of family identity and control.

*Firm performance* in family firms can vary significantly depending on how the firm is governed (Dyer, 2018). According to Wagner et al. (2015), a relationship exists between family firm governance and financial performance. Accordingly, we proxy for firm performance using self-reported financial returns and growth (Zellweger & Nason, 2008).

#### *3.3.2. Governance variables for cluster analysis*

The business and family corporate governance mechanisms used in this study are selected based on the most prescribed mechanisms in the field. We selected those considered the most important for family firm survival (Parada et al., 2020), essential for achieving long-term sustainability (Chrisman et al., 2018), and useful tools that can help ameliorate family business conflict (Botero et al., 2015).

*The board of directors* is a central governance mechanism in a business. It has three primary functions: the exercise of service, control, and the provision of advice for the CEO and management (Bammens et al., 2011). The board of directors is considered the first mechanism adopted by family firms in their governance structure because of the isomorphic pressure from its surrounding (Samara et al., 2019). Its composition varies based on individual organisational characteristics (e.g., family generation or company maturity stage) and country-based regulations (Brenes et al., 2008). As a result, not all family firms have a board of directors, and their boards are almost exclusively made up of family members (Brenes et al., 2011). In our study, the board of directors is recorded as one if the firm has a board of directors, and 0 otherwise.

*Family meetings or assemblies* are the simplest and most common forms of family corporate governance mechanisms, in which family members discuss family and/or business matters (Habbershon & Astrachan, 1997; Neubauer & Lank, 1998). The variable family meetings take the value of one if the family firm reported the existence of family meetings and zero otherwise.

*A family council* is a formal and regular family meeting to discuss matters concerning the family's involvement in a business that protects its long-term interests (Davis et al., 1997; Uhlaner et al., 2012). Family council takes the value of 1 if the family firm has a family council, and 0 otherwise.

The *family constitution* is a normative agreement that includes rules of interaction among family members and between the family and the business, which can facilitate a fair decision-making process (Uhlaner et al., 2012; Van der Heyden et al., 2005). The variable family constitution takes the value of 1 if the family firm reported the existence of a family constitution, and 0 otherwise.

#### *3.3.3. Descriptive variables*

Following previous research, we control for potential variables influencing family business behaviour and performance. We control for firm age, generation, firm size, family CEO, family ownership, and geographical region. First, firm age was measured as the time since the firm was established. Age influences strategic decisions, behaviour, and performance. Family firms that survive for several generations follow proven growth strategies (Gallo & Vilaseca, 1998). Therefore, this variable captures the differences in firm competitiveness (Lee, 2006).

The variable generation takes the value of one for first-generation firms (founders), two for second-generation firms, and three for third-and beyond-generation firms. In family firms, different strategies emerge as the number of generations increases (Kets de Vries, 1993). Managerial decisions evolve with the generation in charge. For example, power control is stronger in earlier generational stages than in later generational stages (Vandemaele & Vancauteren, 2015). Busi-

ness size is an important variable that influences family firms' managerial decisions (Gómez-Mejía et al., 2011). This measure contains elements of family business complexity. Therefore, the larger the firm, the more complex its managerial decisions will be (Chua et al., 2003). Firm size was measured based on the number of employees.
Family business CEOs have been considered the key decision-makers who take risks on behalf of the firm (Gómez-Mejía et al., 2019). The existence of a family or non-family CEO affects the strategic decisions and performance of family firms (Corbetta & Salvato, 2004). In this study, the CEO variable takes the value of 1 if the CEO is a member of the family, and 0 otherwise. Family ownership is considered a contextual factor that may impact family business behaviour and performance (Lumpkin & Dess, 1996). A family can influence a business based on the extent of its ownership (Cruz et al., 2006). Following the literature on family businesses, we measure family ownership as the percentage of shares in the business owned by the family. Finally, to control for geographical characteristics, we use a variable that distinguishes family firms in Asia, Latin America, North America, and Western Europe.

## 4. Results

### 4.1. Exploratory factorial analysis for dependent variables

Before testing the proposed theoretical model, an exploratory factorial analysis was carried out to construct the dimensions of transgenerational entrepreneurship, succession satisfaction, non-financial goals, and firm performance. A separate principal component analysis was used to define each factor. Items that loaded on a factor at approximately 0.50 or above were subject to a reliability analysis. All Cronbach's alpha coefficient for factors were around .8, which can be consider very good according to the generally standards. Table 2 provides information about the items associated with each area, and statistical information on the factor analysis.

**Table 2.** Survey items and statistical factorial analysis information

| Questionnaire information | Factor analysis | | | |
|---|---|---|---|---|
| **Transgenerational Entrepreneurship** | | | | |
| **Entrepreneurial Orientation - explained variance 59.21%** | Communalities | $FI_{RISK\text{-}TAKING}$ | $FII_{INNOVATIVENESS}$ | $FIII_{PROACTIVENESS}$ |
| □ When confronted with decision-making situations involving uncertainty, my firm typically adopts | 0.628 | 0.781 | -- | -- |
| □ The top managers of your firms believe that owing to the nature of the environment | 0.592 | 0.752 | -- | -- |
| □ The top managers of your firm have a strong tendency for (1, low-risk projects; 5, high-risk projects) | 0.601 | 0.759 | -- | -- |
| □ Dealing with competitors, your company typically (1, seek to avoid competitive clashes; 5, adopts a very competitive, 'undo the competition posture') | 0.484 | 0.683 | -- | -- |
| □ Dealing with competitors, is your firm the first to introduce new products/services, adm techniques... | 0.485 | -- | 0.479 | -- |
| □ Effort | 0.718 | -- | -- | 0.816 |
| □ Changes in product or service lines | 0.672 | -- | 0.804 | -- |
| □ Commitment for results | 0.632 | -- | -- | 0.794 |
| □ Marketed products in the last 5 years | 0.791 | -- | 0.886 | -- |
| □ Autonomy of individuals and teams in making decisions | 0.567 | 0.418 | -- | 0.626 |
| Explained variance | 59.215 | 24.382 | 17.571 | 17.262 |
| K.M.O | 0.712 | | | |
| *Barlett's test* | 1778.654*** | | | |
| **Succession satisfaction - explained variance 85.62%** | Communalities | $FI_{PRE\text{-}SUCCESSION}$ | $FII_{POST\text{-}SUCCESSION}$ | |
| □ The manner in which the choice of successor was communicated to family members actively involved in the business | 0.890 | 0.849 | -- | |
| □ The manner in which the succession process was managed | 0.851 | 0.851 | -- | |
| □ The manner in which the choice of successor was communicated to the family and the key employees of the firm | 0.863 | 0.816 | -- | |
| □ The suitability of the chosen successor | 0.784 | -- | 0.756 | |

| | | | |
|---|---|---|---|
| □ The process used to train successor | 0.840 | -- | 0.812 |
| □ The process used to familiarise the successor with the business and the employees | 0.909 | -- | 0.891 |
| Explained variance | 85.628 | 43.650 | 41.977 |
| K.M.O | 0.888 | | |
| *Barlett's test* | 4360.994*** | | |
| **Non-financial goals – explained variance 71.49%** | Communalities | $FI_{FAMILY\ IDENTITY}$ | $FII_{FAMILY\ CONTROL}$ |
| □ My family business has a great deal of personal meaning for family members | 0.839 | 0.870 | -- |
| □ Family members are proud to tell others that we are part of the family business | 0.800 | 0.861 | -- |
| □ Family members have a strong sense of belonging to my family business | 0.799 | 0.839 | -- |
| □ Family members feel that the family business's success is their own success | 0.755 | 0.799 | -- |
| □ Being a member of the family business helps define who we are | 0.692 | 0.781 | -- |
| □ Preservation of family control and independence are important goals for my family business | 0.634 | -- | 0.664 |
| □ In my family business, family members exert control over the company's strategic decisions | 0.634 | -- | 0.636 |
| □ The board of directors is mainly composed of family members | 0.744 | -- | 0.800 |
| □ In my family business, nonfamily managers and directors are named by family members | 0.651 | -- | 0.763 |
| □ In my family business, most executive positions are occupied by family members | 0.763 | -- | 0.846 |
| Explained variance | 71.49 | 41.99 | 29.50 |
| K.M.O | 0.936 | | |
| *Barlett's test* | 6655.78*** | | |
| **Firm performance – explained variance 79.26%** | Communalities | $FI_{FINANCIAL\ RETURN}$ | $FII_{GROWTH}$ |
| □ Rate your return on equity compared to your competitors in the last three years | 0.885 | 0.888 | -- |
| □ Rate your return on total assets compared to your competitors in the last three years | 0.891 | 0.890 | -- |
| □ Rate your profit margin on sales compared to your competitors in the last three years | 0.805 | 0.842 | -- |
| □ Rate your growth in sales compared to your competitors in the last three years | 0.801 | -- | 0.819 |
| □ Rate your growth in market share compared to your competitors in the last three years | 0.830 | -- | 0.590 |
| □ Rate your growth in number of employees share compared to your competitors in the last three years | 0.542 | -- | 0.705 |
| Explained variance | 79.265 | 42.633 | 36.632 |
| K.M.O | 0.837 | | |
| *Barlett's test* | 3283.092*** | | |

***$p < 0.001$

Table 3 summarises the factors that act as proxies for firms' behavioural and performance patterns, as well as their interpretation.

**Table 3.** Interpreting the factors

| Area | Factor | Interpretation |
|---|---|---|
| Transgenerational entrepreneurship practices | Factor 1: Risk-taking | Attitudinal dimension that indicates the willingness to commit risky strategies or projects with uncertain returns (Pittino et al., 2017). |
| | Factor 2: Innovativeness | Behavioral dimension that reflects the orientation, exploration, and experimentation of creative solutions that may result in new products, services, or technologies (Madanoglu et al., 2016; Pittino et al., 2017). |
| | Factor 3: Proactiveness | Behavioral dimension that reflects attitudes towards the continuous pursuit of new opportunities. The company has the freedom to exercise its creativity promising ideas for entrepreneurial development (Pittino et al., 2017; Yu et al., 2019). |
| | Factor 4: Satisfaction Pre-succession | Reflects the satisfaction with succession before the process. It implies preparing the offspring for leadership roles before joining the family firm (Ibrahim et al., 2001; Sharma et al., 2001). |
| | Factor 5: Satisfaction Post-succession | Reflects the satisfaction with succession after the process. It implies integrating and assuming the leadership role in the family firm (Matthews et al., 1999; Sharma et al., 2003). |
| Non-financial goals | Factor 6: Family identity | Reflects that the family has an internalised set of behavioral expectations associated with a particular family role (Shepherd & Haynie, 2009). |
| | Factor 7: Family Control | Refers to non-pecuniary private benefits of control staying in family hands (Burkart et al., 2003) |
| Firm performance | Factor 8: Financial return | Encompasses those items on the questionnaire considered as possible indicators of firm performance: return on equity (ROE), return on assets (ROA), and return on sales (ROS) (STEP survey 2018). |
| | Factor 9: Growth | Includes the items that measure the sales, market, and employment growth over the last three years (STEP survey 2018). |

### 4.2. Business and family corporate governance configurations

The two-step clustering analysis produced four clusters. The silhouette measure of cohesion and separation (0.6 > 0.0) suggested the validity of the distances within and between the clusters (Norusis, 2012). The results of the comparisons between the clusters indicated significant differences between the profiles of the independent variables, which aligned with the proposed typology presented in the theoretical section. Of the 814 valid cases, 203 family firms (24.9 per cent) were assigned to the first cluster 'basic', 251 family firms (30.8 per cent) to the second cluster 'family & business', 167 family firms (20.5 per cent) to the third cluster 'business-first', and 193 family firms (23.7 per cent) to the fourth cluster 'family-first' group. There were significant differences between the four clusters ($p < 0.01$). A post hoc analysis using the least squares difference (LSD) test revealed significant differences in governance mechanisms among Clusters I, II, III, and IV ($p < 0.01$). Table 4 shows the distribution of the final clusters according to their governance variables and significance levels.

**Table 4.** Cluster analysis based on governance mechanisms

| | Cluster I 'basic' | Cluster II 'family & business' | Cluster III 'business-first' | Cluster IV 'family-first' | F[1] | Post Hoc[2] |
|---|---|---|---|---|---|---|
| **Governance mechanisms (% firms)** | | | | | | |
| Board of directors | 0 | 28.7 | 100 | 0 | 617.755*** | 1:2,3,4*** - 2:3,4*** - 3:4*** |
| Family meetings | 0 | 56.6 | 29.9 | 100 | 296.568*** | 1:2,3,4*** - 2:3,4*** - 3:4*** |
| Family council | 0 | 76.5 | 0 | 0 | 607.711*** | 1:2,3,4*** - 2:3,4*** - 3:4*** |
| Family constitution | 0 | 53.4 | 22.2 | 0 | 129.617*** | 1:2,3,4*** - 2:3,4*** - 3:4*** |
| No. firms | 203 | 251 | 167 | 193 | | |

*Notes*: [1] *, **, *** Denotes overall comparison among clusters using the Chi-square test at the 0.1, 0.05 and 0.01 level of significance, respectively.

[2] *, **, *** Post Hoc comparisons (using LSD test) indicate which profile means differ significantly at the 0.1, 0.05 and 0.01 level of significance, respectively

Table 5 shows the average demographic characteristics of firms across clusters and the importance of the world's macro-regions (based on firm distribution) for each cluster. The clusters did not differ significantly in terms of firm size, firm age, generation, or family ownership. Only Cluster I shows differences from Clusters II, III, and IV in terms of the percentage of family firms with a family CEO, which is higher than that in the other groups ($p < 0.05$). The lack of significant differences in firm demographics is important to avoid distortion in bivariate analysis when studies explore behavioural differences among groups of firms. (e.g., Jorissen et al., 2005; Westhead & Cowling, 1998).

**Table 5.** Characteristics of the clusters

| | Cluster I 'basic' n = 203 24.9% | Cluster II 'family & business' n = 251 30.8% | Cluster III 'business-first' n = 167 20.5% | Cluster IV 'family-first' n = 193 23.7% | F | Post Hoc |
|---|---|---|---|---|---|---|
| Age | | | | | | |
| Mean | 48.99 | 46.79 | 49.97 | 44.35 | ns | ns |
| Median | 40.00 | 42.00 | 40.00 | 37.00 | | |
| Deviation | 39.469 | 29.659 | 54.575 | 28.900 | | |
| Generation (% firms) | | | | | | |
| First | 22.2 | 23.1 | 26.3 | 24.4 | ns | ns |
| Second | 59.6 | 59.0 | 61.1 | 59.6 | | |
| Third and subsequent | 18.2 | 18.2 | 12.6 | 16.1 | | |
| Number of employees (% firms) | | | | | ns | ns |
| 21-50 | 32.0 | 39.0 | 33.5 | 38.3 | | |
| 51-100 | 24.6 | 25.1 | 30.5 | 18.1 | | |
| 101-200 | 18.7 | 18.3 | 18.0 | 21.2 | | |
| 201-500 | 24.6 | 17.5 | 18.0 | 22.3 | | |
| Family CEO (% firms) | | | | | ** | 1:2,3,4** |
| Yes | 73.1 | 62.2 | 59.3 | 65.8 | | |
| No | 26.1 | 37.8 | 40.7 | 34.2 | | |
| Family ownership | | | | | ns | ns |
| Mean | 4.78 | 4.54 | 4.89 | 5.69 | | |
| Median | 4.00 | 3.00 | 3.00 | 4.00 | | |
| Deviation | 7.794 | 7.109 | 8.647 | 12.294 | | |
| Geographical region (% firms) | | | | | - | - |
| Asia | 28.0 | 27.8 | 16.2 | 25.9 | | |
| Latin America | 48.7 | 20.8 | 18.0 | 29.5 | | |
| North America | 12.3 | 11.2 | 9.6 | 32.6 | | |
| Western Europe | 10.8 | 37.1 | 56.3 | 11.9 | | |

Notes: ns: not statistically significant, *, **, ***: statistically significant at the 0.1, 0.05 and 0.01 level of significance, respectively.

### 4.3. Characteristics of family firms' governance patterns

We performed a variance analysis to identify differences among clusters in terms of transgenerational entrepreneurship patterns (risk-taking, innovativeness, proactiveness, and pre-and post-succession satisfaction), non-financial goals (family identity and family control), and firm performance (financial return and growth). The F-test and associated statistics were significant for each dimension. We conducted an ANOVA, taking the membership of the groups (according to the classification of each case in the groups formed) as an independent variable and the dimensions of transgenerational entrepreneurship, non-financial goals, and firm performance as dependent variables. Univariate analysis indicated significant differences among the four clusters in terms of proactiveness ($p < 0.1$), post-succession satisfaction ($p < 0.1$), family control ($p < 0.01$), financial returns ($p < 0.1$), and growth ($p < 0.1$). However, there were no significant differences in risk-taking, innovativeness, pre-succession satisfaction, or family identity.

A post hoc analysis using the LSD test revealed significant differences in risk-taking between Clusters II and IV, proactiveness between Clusters I and II and between Clusters II and III, pre-succession satisfaction between Clusters II and III, and post-succession satisfaction between Clusters I and II. In terms of family control, significant differences were observed between Clusters I and II and among Clusters II, III, and IV. Regarding financial returns, differences emerge among Clusters I, II, and III and Clusters II, III, and IV, and in terms of growth between Clusters I and II and Clusters II and IV. There were no significant differences among the clusters in terms of innovativeness or family identity. These results support our initial suggestion that the different types of family firms grouped based on different corporate governance present significant differences in their behavioural and performance patterns. Table 6 presents the ANOVA results. LSD was used to determine the differences between the group means.

**Table 6. Goals and transgenerational entrepreneurship patterns by type of family firms**

| | Cluster I 'basic' | Cluster II 'family & business' | Cluster III 'business-first' | Cluster IV 'family-first' | F[1] | Post Hoc[2] |
|---|---|---|---|---|---|---|
| **Transgenerational Entrepreneurship** | | | | | | |
| **Entrepreneurial Orientation** | | | | | | |
| Risk-taking | -0.017102 | 0.118690 | -0.045051 | -0.097388 | 1.928 | 2:4** |
| Innovativeness | -0.017008 | 0.004747 | 0.044730 | -0.026989 | 0.179 | |
| Proactiveness | 0.066628 | -0.111189 | 0.057054 | 0.025154 | 2.323* | 1:2** - 2:3* |
| **Succession satisfaction** | | | | | | |
| Pre-succession | 0.011351 | -0.110230 | 0.127995 | 0.020664 | 1.567 | 2:3** |
| Post-succession | 0.091058 | -0.100369 | 0.052392 | -0.010578 | 2.513* | 1:2** |
| **Non-financial goals** | | | | | | |
| Family identity | -0.091502 | 0.023051 | 0.022889 | 0.046458 | 0.779 | |
| Family control | -0.180707 | 0.234189 | -0.051694 | -0.069766 | 7.433*** | 1:2*** - 2:3,4*** |
| **Firm performance** | | | | | | |
| Financial return | -0.090839 | -0.079396 | 0.128465 | 0.087644 | 2.396* | 1:3,4** - 2:3,4* |
| Growth | 0.0657791 | -0.112007 | -0.010268 | 0.085365 | 2.572* | 1:2* - 2:4** |
| No. firms | 203 | 251 | 167 | 193 | | |

*Notes*: [1] *, **, *** Denotes overall comparison among clusters using the Chi-square test at the 0.1, 0.05 and 0.01 level of significance, respectively.

[2] *, **, *** Post Hoc comparisons (using LSD test) indicate which profile means differ significantly at the 0.1, 0.05 and 0.01 level of significance, respectively.

*4.3.1. Cluster I – Weak business and family governance mechanisms: The 'basic' group*

The first cluster, comprising 203 firms, mainly Latin American entities (48.7 per cent), consists of family firms with neither business nor family governance mechanisms. Firms in this cluster do not need formal governance mechanisms to address family and business goals and demands or manage the potential agency conflicts that emerge from the overlap between the family and the business. Although there is no immediate need for formalised business and/or family governance mechanisms, owner-managers may have incentives to improve open communication and feelings of loyalty among family members using informal governance mechanisms (e.g., dinner table conversations, small talk, or get-togethers). Regarding their transgenerational entrepreneurship pattern, we observe that firms in the 'basic' cluster prioritise maintaining their proactiveness and show the highest level of satisfaction in the post-succession process. 'Basic' firms assign low importance to non-financial and financial goals. Although these firms tend to grow, they show poorer financial returns.

*4.3.2. Cluster II – Strong business governance and family governance mechanisms: The 'family & business' group*

The second cluster comprises 251 firms, predominantly from Western European (37.1 per cent) and Asian (27.8 per cent) countries that develop business and family governance mechanisms. Approximately 28.7 per cent of the firms in this group have a board of directors, 56.6 per cent celebrate family meetings or assemblies, 76.5 per cent hold family councils, and more than half (53.4 per cent) have implemented family constitutions. These firms assign similar importance to both the business and the family's needs and demands. This requires balancing family and business systems and their friction. Family firms in the 'family & business' cluster have implemented business and family governance mechanisms. They showed high tolerance to risk but low proactive behaviour by pursuing new opportunities. 'Family & business' firms show the lowest level of satisfaction in terms of pre- and post-succession processes than firms in the rest of the groups. While non-financial goals are important for family firms in this group, specifically the intention to maintain family control, their firm performance is the lowest compared with the rest of the groups.

*4.3.3. Cluster III – Strong business governance and weak family governance mechanisms: The business-first family firms*

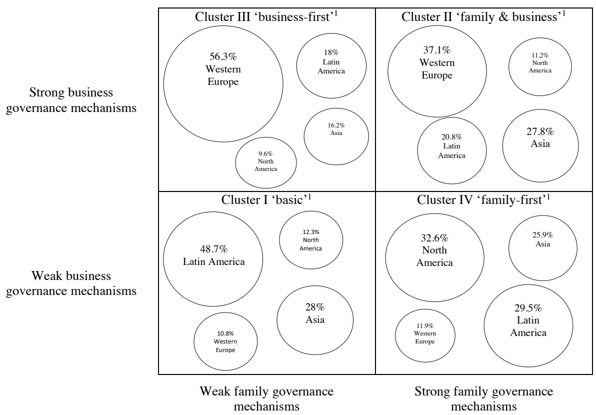
The third cluster comprises 167 firms, mainly Western European firms (56.3 per cent) that stand out for developing their business governance. All firms in this cluster have a board of directors, 29.9 per cent celebrate family meetings or assemblies, and 22.2 per cent have implemented a family constitution. Family firms in this group have a business-first orientation. However, they also have some family governance mechanisms that facilitate business–family relationships. 'Business-first' firms place moderate importance on transgenerational entrepreneurship in terms of proactiveness and show the highest level of satisfaction in the pre-succession process. 'Business-first' firms assign the lowest importance to non-financial goals. 'Business-first' firms focus on business goals and stand out for their firm performance, specifically in terms of financial performance.

*4.3.4. Cluster IV – Strong family governance and weak business governance mechanisms: The family-first family firms*

The fourth cluster comprises 193 companies, primarily North American (32.6 per cent) and Latin American (29.5 per cent). All family firms have family meetings or assemblies. None of them has a board of directors or the most formalised family governance mechanisms, namely family councils or family constitutions. Hence, this group fits the family orientation and exercises control through family meetings. The prevalence of family meetings in family-first firms could be positively related to the business's longevity and, to a lesser extent, firm growth. 'Family-first' firms show a higher achievement of firm growth. However, family-first firms do not place importance on transgenerational entrepreneurship and show the lowest risk-taking attitudes. Firms in this cluster assign low importance to non-financial goals but focus on firm growth.

Additionally, in a cross-country analysis, we observed that the aforementioned clusters were largely distributed by geographical area, with differences and similarities in the adoption of governance mechanisms (See Figure 1). Results show that the 'basic' group is highly represented by Latin American firms and the 'family & business' group is formed predominantly by Western European and Asian firms. While in the 'business-first' group, most firms belong to Western European countries, North American and Latin American firms dominate the 'family-first' group.

**Figure 1.** Governance development practices around the world




**Notes:** *Western Europe*: Spain, Netherland, Italy, Hungary, Germany - *North America*: United States of America, Canada - *Latin America:* Colombia, Peru, Chile, Ecuador, Brazil, Mexico, Venezuela - *Asia:* China, Russian Federation, Thailand, United Arab Emirates, Taiwan, Turkey, India.

[1](%) of firms by region in cluster I 'basic': China (28.1%), Brazil (18.2%), Colombia (13.8%), Ecuador (12.8%), Canada (12.3%), Germany (10.8%), Chile (3.9%). In cluster II 'family & business': Spain (23.9%), Russian Federation (11.2%), United States of America (11.2%) Netherlands (11.2%), Mexico (10.8%), Thailand (10.4%), Peru (10%), Turkey (0.6%), United Arab Emirates (2.4%), Taiwan (3.2%). In cluster III 'business-first': Italy (28.1%), Hungary (21%), Mexico (16.2%), India (13.2%), United States of America (9.6%), Netherlands (3.6%), Spain (3.6%), Thailand (1.8%), Turkey (1.2%), Peru (1.8%), and in cluster IV 'family-first': United States of America (32.1%), Venezuela (20.7%), Hungary (8.8%), Chile (7.8%), Taiwan (8.3%), United Arab Emirates (7.3%), India (6.7%), Turkey (3.6%), Canada (0.5%), Spain (0.5%), Brazil(1%), Italy (2.1%), Netherlands (0.5%)

## 5. Conclusion

Studies on family businesses have developed different typologies and taxonomies that recognise the heterogeneity of family firms (e.g., Dyer 2006; Neubaum et al., 2019; Nordqvist et al., 2014; Westhead & Howorth, 2007;). Despite the benefits of past research in unveiling types of family firms with similar characteristics, the existing family firm typologies do not explore the behavioural and performance consequences of family businesses heterogeneity (Neubaum et al., 2019), and most of the existing analyses were empirically tested in one single country (Gómez-Mejía et al., 2020).

Based on a configurative and context-sensitive approach, we theoretically propose that family firms with a similar corporate governance structure exhibit a unique combination of patterns in terms of transgenerational entrepreneurship practices, non-economic goals, and firm performance. This is attributed to the importance of corporate governance (family and business governance) in aligning ownership and management (Aguilera & Crespi-Cladera, 2012). Furthermore, drawing on the isomorphic perspective of institutional theory, we expected that certain geographical contexts are more prone to specific governance configurations than others. The multivariate analyses we conducted confirmed, in line with existing configurations (Nordqvist et al., 2014; Westhead & Howorth, 2007) four different typologies of family firms based on their governance structures, labelled as 'basic', 'family & business', 'business-first', and 'family-first' firms. Beyond the configuration itself, our analysis, in accordance with our theoretical predictions, revealed common patterns of behaviour in terms of transgenerational entrepreneurship practices, non-financial goals, and firm performance among family firms within the same group.

The core findings of the family business configurations and their behavioural and performance patterns are summarised in Figure 2. In this sense, our research extends the current classification by adding predictability (Neubaum, et al., 2019) to taxonomies and underscores that family firms sharing governance characteristics also share similar behavioural and performance patterns.

**Figure 2.** Behavioral and performance patterns within family business governance configurations

| | Weak family governance mechanisms | Strong family governance mechanisms |
|---|---|---|
| Strong business governance mechanisms | 'Business-first'<br>□ Highly focused on pre- and post- succession satisfaction.<br>□ Moderate importance on non-economic goals.<br>□ Moderate importance on firm performance. | 'Family & business'<br>□ Highly focused on risk-taking.<br>□ High importance on non-economic goals.<br>□ Low importance on firm performance. |
| Weak business governance mechanisms | 'Basic'<br>□ Highly focused on proactiveness<br>□ Low importance on non-economic goals<br>□ Moderate importance on firm performance | 'Family-first'<br>□ Highly focused on pre- succession satisfaction<br>□ Moderate importance on non-economics goals<br>□ High importance on firm performance |

Furthermore, we found the potential role of context, as highlighted by Soleimanof et al. (2018), as a critical dimension that shapes corporate governance structures and propels family family firms towards a state of homogeneity. The context is important for explaining common patterns in family firms, especially in relation to the implementation of different governace mechanisms (Baù et al., 2019; Tylecote & Visintin, 2008). While existing typologies of family firms are effective in describing different types of family firms in a country (e.g., Basco & Perez-Rodriguez, 2011; Westhead & Howorth, 2007), our classification closes the research gap of lacking cross-country analysis and goes beyond by considering different geographical contexts. Our results empirically reveal that certain family firms and their behavioural consequences prevail across contexts. This indicates the isomorphic pressures to which family firms are exposed when located in specific geographical areas. Formal and informal institutional forces shape governance structures, and consequently, their behavioural and performance patterns.

Thus, the prevalence of 'basic' family firms in Latin America is related to high proactiveness, a superior post-succession satisfaction but worse firm performance. In contrast, North American family-first firms are associated with superior firm growth and conservative strategies. 'Family & business' firms, mainly European and Asian firms, are likely to exhibit high risk-taking and family control, but show worse firm performance and post-succession satisfaction. Lastly, 'business-first' firms dominate the family firms in Western Europe. They are connected to the prioritisation of business proactiveness, lowest family control, and highest firm performance.

**5.1. Contributions**

This study contributes to the family business research in two ways. First, it responds to the call for a better understanding of the heterogeneity of family firms (Chua et al., 2012). Although the literature on family business research has acknowledged that family firms are heterogeneous (Westhead & Howorth, 2007), we challenged this research line by questioning whether the classification approach *per se* only describes types of family firms with similar characteristics without considering the behavioural and performance consequences. Therefore, we extend the configurative research stream on family firms (Meyer et al., 1993) by theorising that each type of family firm, classified based on similarities in corporate governance, presents unique behavioural and performance patterns in terms of transgenerational entrepreneurship practices, non-financial goals, and firm performance. The proposed classification helps not only to understand the characteristics that are common to certain types of family firms but also to explore, analyse, and predict behavioural and performance patterns. Our study contributes to knowledge accumulation by developing a theory of family businesses, which may explain why family firms exist and how they behave. Therefore, we conclude that family firms follow common patterns of behaviour and performance based on their corporate governance structures and context constraints, shaping their governance structures.

Second, this study responds to the call to explore family firms across contexts (Gómez-Mejía et al., 2020) because family business research is contextless, as it has mainly focused on a single context (Amato et al., 2022) such as country contexts. Most family business typologies and taxonomies have been empirically tested in a single country without considering cross-cultural differences and similarities. Applying a context-sensitive approach by considering the context could constrain the phenomenon of family business. Based on the isomorphic effect predicted by the institutional approach (DiMaggio & Powell, 1983), this research extends family business research by empirically revealing that certain types of family firms prevail across different world macroregions. This finding provides evidence that the context plays an important role in family business ownership, governance, and management. Therefore, context could be one variable that explains family firm heterogeneity. Future research should explore the explanatory effect of context in its different manifestations on firm governance structure, behaviour, and performance.

**5.2. Limitations**

This study has some limitations. First, it focuses on the board of directors, family meetings, family councils, and family constitutions, which are the most frequently examined family business governance mechanisms (Suess, 2014). However, it might also be interesting to research other governance mechanisms such as top management teams, shareholder assemblies, family foundations, or family offices. Regarding behavioural patterns, future research may include other dimensions. They could also explore sustainability patterns in different types of family firms. Furthermore, our results suggest that the 'business-first' family firms, firms with the highest adoption of the board of directors, stand out for their firm performance and give moderate importance to transgenerational entrepreneurship and non-financial goals. Future research could more comprehensively analyse the composition of the board of directors and its impact on family behaviour and performance. Second, we took an isomorphic context approach to multiple geographical zones on the assumption that there are governance configurations that are more common in some countries than in others. Future research can include an analysis to understand how institutional factors such as legal, economic, or socioeconomic contexts influence family business configurations. Finally, although family firm scholars frequently depend on surveys and self-reported data (Sharma & Carney, 2012), employing longitudinal studies, multiple data sources, or triangulation would provide a stronger research design that could address additional interesting research avenues.

**Ethical statement.** The authors confirm that data collection for the research was conducted anonymously and there was no possibility of identifying the participants.

**Declarations of interest:** *None*.

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European Journal of Family Business (2023) 13(2), 182-196

uma editorial

EUROPEAN JOURNAL OF FAMILY BUSINESS

http://www.revistas.uma.es/index.php/ejfb

# When Does S(he) Plan to Retire? Antecedents of Retirement Age In Family Businesses

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Research article. Received: 2023-06-19; accepted: 2023-11-22

**JEL CODE**
L20, L29

**KEYWORDS**
Family business, Succession, Retirement age, Gerontocracy, Incumbent

**Abstract** The family CEOs' intention to retire seems to be critical to trigger the succession process. For a more comprehensive understanding of the leadership succession in family businesses, it is important to study the antecedents of the family CEO's intended retirement age. Using a global database, we examine the incumbents' retirement age from their own perspective as the determinant of retirement timing. We apply the theory of planned behavior to explore factors affecting retirement age with a forward perspective, using the intended age of retirement as an antecedent for effective retirement age. Our results suggest that individual factors of the intended retirement age have stronger explanatory power in leader intended retirement age compared to the family business factors.

**CÓDIGOS JEL**
L20, L29

**PALABRAS CLAVE**
Empresa familiar, Sucesión, Edad de jubilación, Gerontocracia, Actual titular

**¿Cuándo planea retirarse? Antecedentes de la edad de retiro en empresas familiares**

**Resumen** La intención de retiro de los CEO familiares parece ser crítica para desencadenar el proceso de sucesión. Para una comprensión más completa de la sucesión de liderazgo en las empresas familiares, es importante estudiar los antecedentes de la edad de retiro prevista del CEO familiar. Utilizando una base de datos global, examinamos la edad de retiro de los titulares desde su propia perspectiva como determinante del momento del retiro. Aplicamos la teoría del comportamiento planificado para explorar los factores que afectan la edad de retiro con una perspectiva hacia adelante, utilizando la edad de retiro prevista como antecedente para la edad de retiro efectiva. Nuestros resultados sugieren que los factores individuales de la edad de retiro prevista tienen mayor poder explicativo en la edad de retiro prevista del líder en comparación con los factores de la empresa familiar.

https://doi.org/10.24310/ejfb.13.2.2023.17034

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## 1. Introduction

The family CEO's intention to retire seems to be critical to triggering the succession process of family business. Gerontocracy, a form of government in which an entity is governed by leaders who are significantly older than the rest of the members, may generate tension between the incumbent and the successor if the expected timing of leaving and taking over the position is not aligned. This misalignment can have important consequences on the wellbeing and motivation of both the incumbent and successor, as well as the sustainability of the business. In the context of an aging population (Royal Geographical Society, 2019), family CEOs seem quite secure in their jobs and may operate with the expectation that they will be in office for a long time. This late retirement syndrome (Kets De Vries, 2003) is frequently observed in parent founders and can be explained as the fear they may experience letting go, which may represent a loss of status, recognition, income, or emotional stress. This may be a significant factor explaining why family businesses frequently stumble in succession (Ward, 2011; Zahra & Sharma, 2004).

The incumbent's intention to retire and low motivation to transfer power to a successor remain among the main problems affecting the succession process (Marshall et al., 2006; Sharma et al., 2003). Previous research on aging CEOs and the succession process mainly examines the choice of a successor (Bulut et al., 2019). While family CEOs may understand the benefits of succession planning, in most cases, an incumbent has a difficult time envisioning life without a significant leadership role in the family business (Kets de Vries, 2003). Thus, we argue that retirement intentions precede succession planning, which means the incumbent leader of a family business will initiate and control the succession process as long as he/she plans to retire. Thus, our research explores the following question: *What factors influence the incumbent's intention to retire?*

Previous literature dealing with family business CEO aging has explored their entrepreneurial behavior and success (Lévesque & Minniti, 2006; Zhao et al., 2021), the impact of age on formal succession and conflict (Marshall et al., 2006), and even the impact on merger and acquisitions (Jenter & Lewellen, 2015). In order to analyze the incumbent's retirement intention, we should look at their anticipated retirement age (Gagne et al., 2011), although the subject has been poorly understood (Decker et al., 2016; Long & Chrisman, 2014). According to the theory of planned behavior (TPB), the probability that a behavior will occur depends on an individual's intention to engage in that behavior (Ajzen, 1991; Ajzen & Fishbein, 1980;). In the family business context, the incumbent leader's intentions may be good predictors of his/her behavior. If we better understand the antecedents of retirement intention, we may be able to better predict incumbents' retirement, thus triggering the succession. Therefore, the purpose of this paper is to understand the core factors affecting the incumbent's intended age of retirement from their own perspective using the theory of planned behavior as a theoretical approach.

In this paper, we contribute to extant literature in several dimensions. First, by considering that retirement intentions precede succession planning, we examine the factors explaining the incumbents' retirement intention from their own perspective, being the first to follow this approach using the information provided by the Successful Transgenerational Enterprise Project (STEP) global database. Second, we extend the use of the theory of planned behavior by using the intended age of retirement as an antecedent for the retirement behavior. Third, we change the attention of the succession phenomenon from a normative to a positive approach by exploring both facts and perceptions at the individual and family business level that affect retirement intentions from the incumbent CEO's point of view. Finally, we offer empirical evidence using the global STEP database on succession and retirement planning in family businesses, which provides a broader perspective and enhances generalizability.

## 2. Theoretical Background

### 2.1. Retirement age and succession in family business

Most family business scholars agree that succession should be planned to be effective (Corona, 2021; Le Breton-Miller, Miller, & Steier, 2004; Sharma & Rao, 2000), but in practice, this does not always happen (Brown & Coverly, 1999; Kirby & Lee, 1996; Mandelbaum, 1994). In family businesses, the incumbent's inability to "let go" has been cited as the single largest problem in succession (e.g., Sharma et al., 2003; Zahra & Sharma, 2004). Furthermore, the incumbent typically has enough power and legitimacy within the firm and the family to remain in leadership for as long as they desire. Poza and colleagues (1997) find that compared to other family members, incumbent presidents or CEO parents hold significantly more positive views regarding the length of time they will stay in the leadership position.

The family CEO may be ambivalent about their succession. On the one hand, they may understand the benefits of succession planning, but on the other hand, they may feel reluctant to plan their exit. In most cases, an incumbent has a difficult time envisioning life without a significant leadership role in the family business (Kets de Vries, 1985). An incumbent may fear losing status in the family and the community, as both may be closely intertwined with their role in the family business. Moreover, retirement may be perceived as facing mortality. For a founder to plan succession, they must come to grips with retirement, death, and the passing of their professional life. This is not an easy task for anyone, least for an entrepreneur who has guided their life with the strong belief that they control their destiny (Brockhaus, 1982; Gasse, 1982).

### 2.2. Theory of planned behavior and incumbents' intended age of retirement

According to the TPB, the probability that a behavior will occur depends on an individual's intention to engage in that behavior (Ajzen, 1987; Ajzen & Fishbein, 1980). Behavioral intention is defined as "indications of how hard people are willing to try and how much effort they are planning to exert to perform the behavior" (Ajzen, 1991, p. 181). Intention is molded by the individual's attitudes (Krueger & Carsrud, 1993). These attitudes include the perceived desirability of the outcomes to the initiator, the acceptability of the outcomes according to the social norms of a reference group, and the perception that the behavior will feasibly lead to the desired outcomes. In other words, attitudes develop intention, which leads to behavior (Ajzen, 1987; Ajzen & Fishbein, 1980).

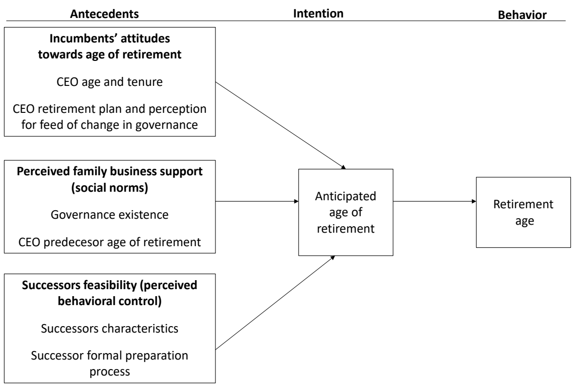
Given that TPB predicts the behavior of individuals by observing their intentions, it is no surprise that the main application of the theory in family business research has been at the individual level (Kuiken, 2015). In the family business context, the incumbent leader's intentions may predict behavior and provide useful information in advance of the succession event that allows timely decisions to be made. Much has been written about the factors (e.g., situational such as family or business conditions and/or individual-emotional) influencing the intention to carry out succession (De Massis et al., 2016; Sharma et al., 2003; Zahra & Sharma, 2004) and the actual implementation of the succession process (Giménez & Novo, 2020; Sharma et al., 2003). Using the theory of planned behavior, De Massis et al. (2016) explored situational and individual antecedents of family business incumbents' attitudes toward intra-family succession. Their study focused on the effect on attitudes as they are the predecessor of intra-family succession intentions but did not measure the effect of these attitudes on intentions or behavior. Ferrari (2023) investigated each factor of the TPB (attitude, desirability, and feasibility) towards business transmission planning involving both generations (incumbent and successor) using a qualitative approach. According to Ferrari (2023), facing business succession implies forming an explicit, future-oriented plan, so TPB is a suitable approach for investigating business succession as a deliberate process. Sharma et al. (2003) is one of the few papers using the theory of planned behavior that considers the succession decision from the incumbent's perspective. These scholars state that succession is a planned behavior because the incumbent is initiating the succession. They present evidence that behavioral beliefs do not significantly influence succession planning, but social norms and the likelihood that a trustworthy successor is available do have a strong influence on succession planning. Additional research on succession explores the decision of the next generation on whether to enter the family business or not (Aldrich & Cliff, 2003). It is commonly believed that succession is mainly under the control of the incumbent leader of the family business (Lansberg, 1988). These scholars show how the family's resources, norms, attitudes, and values influence the recognition of entrepreneurial opportunities that can potentially trigger changes in the family. Moreover, recent research highlights how the identity of the incumbent can better explain their emotions, cognition, and behavior to succession (Li et al., 2023; Radu-Lefebvre et al., 2021). In summary, retirement intentions precede succession planning, which means the incumbent leader of a family business will initiate and control the succession process. The question remains: what factors influence the incumbent's intention to retire?

## 3. Hypotheses Development

Literature on strategic leadership states that CEO succession is driven by several organizational and contextual factors, such as organization performance, organizational characteristics, external environment, and characteristics of the incumbent (Cannella et al., 2009). These authors argue that retirement intention is determined by individual factors such as age, education level, health condition, job satisfaction, retirement attitude, and family factors such as marital status and number of dependents. Moreover, CEO age and past achievements are key determinants in predicting retirement (Bilgili et al., 2020). In the case of family businesses, individual characteristics of the incumbent (such as age, gender, generation) and satisfaction with previous succession have been found to affect the propensity for succession planning and the willingness of the incumbent to step aside (Decker et al., 2016), as these factors influence an incumbent's goal adjustment capacity (Gagne et al., 2011). Incumbent's identity also plays a role in explaining emotions, cognition, and behavior during succession (Li et al., 2023; Radu-Lefebvre et al., 2021). This means that incumbent preparation for retirement impacts their expectations about succession.

According to the theory of planned behavior, the desirability of earlier or later retirement, thus succession, is affected by incumbents' attitudes toward the behavior (retirement age), the social norms under which they will behave, and their perceived behavioral control. Thus, our proposed research model can be found in Figure 1.

**Figure 1.** TPB model of retirement age




### 3.1. Incumbents' attitudes

Incumbents' attitudes toward retirement age are influenced by beliefs about the likely outcomes of retiring at a certain age and the negative or positive evaluation of these outcomes (Ajzen 1985, cited in Kuiken 2015; Fishbein & Ajzen, 1975). In this paper, we suggest that incumbents' attitudes towards retirement depend on the following: (i) individual characteristics such as incumbent tenure and age; (ii) the existence of a retirement plan; and (iii) their perception of the need for governance change in the family business.

***CEO age and tenure***. As the family CEO ages, they may perceive themselves more critically as a guardian of the family interests and business. They may be motivated to stay to protect and grow the company and willing to forgo retirement to ensure appropriate leadership. The strong role of the founder and their legacy has been studied elsewhere (Salazar, 2021). Leaders motivated to retain positions may have self-serving motives to retain institutional power and privileges.

Alternatively, the incumbent may want to retain influence as they identify with the business and resist early retirement because others may lack the deep knowledge and experience to lead successfully. Here, the incumbent is motivated to continue contributing positively by sharing knowledge, experience, and relationships developed over time for the firm's best interest. Perceived as a positive outcome, postponing retirement intends to strengthen the business and the future well-being of stakeholders. In summary, as the CEOs age, they perceive themselves as guardians, taking more responsibility for the family and business.

It may also be that the CEO is ambivalent toward their succession, unable to envision life without a leadership role in the family business (Kets de Vries, 1985). The CEO may not want to become irrelevant to the family or business. This feeling may also affect the desirability of earlier retirement and generate attitudes toward postponing retirement.

We expect the desirability of continuing contribution, self-serving desire to retain power, and personal fear about post-retirement life to affect retirement intentions. The longer the CEO tenure and older they are, the more likely incumbents will expect to delay retirement. We propose:

***Hypothesis 1a***. *CEO tenure is positively associated with the intended age of retirement.*
***Hypothesis 1b***. *CEO age is positively associated with the intended age of retirement.*

***Existence of CEO retirement plan*** and ***perception of a need for change in governance***. A CEO with psychological ownership of the firm and leadership role is more interested in a covenant relationship with the organization than power or authority (Hernandez, 2012). For them, personal power is more important than institutional power (Davis et al., 1997). The CEO will intend to retire if they think their capability to maximize financial and socio-economic wealth has diminished. They would retire if they had a retirement plan to maintain an affective commitment, connection, and identity with the business. Similarly, the CEO will retire earlier if they believe a governance change is in the long-term interest of the business family. Therefore, we hypothesize:

***Hypothesis 2a***. *The existence of a CEO retirement plan is negatively associated with the intended age of retirement.*
***Hypothesis 2b***. *The perceived need for governance change in the family business is negatively associated with the intended age of retirement.*

### 3.2. Perceived family business support (social norms)

***Governance existence in family business***. A primary objective of governance in a family business is ensuring continuity and viability through generations (Botero et al., 2021). Governance structures and practices help families manage competing family goals and complex systems (Corona, 2021; Suess, 2014; Suess-Reyes, 2016) and prevent or manage conflicts (Ward, 2011).

Corporate governance mechanisms are important because CEO retirement often triggers succession planning. The board oversees CEO performance and plays an essential role in CEO succession decisions like nomination, appointment, and delegation of a suitable successor (Luan et al., 2018). With this responsibility, corporate governance may motivate the CEO to anticipate retirement, as mechanisms ensure performance and nominate a new CEO if they retire (Boeker & Ellstrand, 1996).

Family business mechanisms facilitate cohesiveness and collective goals (Suess, 2014; Suess-Reyes, 2016), allowing harmony and connection with the business if the CEO retires. They can also help manage emotional challenges and facilitate smoother transitions that influence retirement intentions (Umans et al., 2020).

Formal governance articulates rewards and demands of being part of the family business (Botero et al., 2021). In the TPB context, governance is part of the social norms enabling anticipated behavior. Requiring dialogue and succession policies, family and corporate governance enables anticipating retirement. We expect:

***Hypothesis 3a***. *Family governance existence is negatively associated with the intended age of retirement.*

***Hypothesis 3b***. *Corporate governance existence is negatively associated with the intended age of retirement.*

***CEO predecessor age of retirement***. Incumbents tend to think and act backward-looking (Zellweger, 2017). Legacy influences incumbent decisions and behavior, and literature suggests incumbent satisfaction with succession depends on the predecessor's willingness to step aside (Sharma et al., 2003). From a TPB perspective, past behavior influences intentions (Ajzen, 1991). In family businesses, previous behavior explains family effects and intentions, known as intergenerational influence from children's socialization (Carr & Sequeira, 2007). Information, beliefs, and resources are transmitted through socialization, influencing attitudes, choices, lifestyles, and roles (Carr & Sequeira, 2007). This impacts succession intentions, like parents' succession preferences relating to successors' career intentions (Schröder et al., 2011).

Family businesses may select an insider successor with flexible retirement ages compared to nonfamily firms, as succession often involves transitioning to a family member (Luan et al., 2018). This could impact retirement ages to keep the business in the family based on tradition and the predecessor's retirement age. CEOs focused on family traditions and goals reflect on successful experiences and lessons learned, which can motivate succession and retirement planning to transfer knowledge (Lu et al., 2022). This reflection and desire to transfer knowledge can raise awareness of approaching retirement. Overall, this suggests that if the predecessor retired late, the incumbent tended to repeat that behavior due to intergenerational influence and tradition. We predict incumbents will retire earlier if satisfied with past succession to maintain legacy through resembling previous processes and therefore, we propose:

***Hypothesis 4***. *The intended age of retirement is positively associated with the predecessor's retirement age.*

### 3.3. Successors feasibility (perceived behavioral control)

***Successor characteristics***. Factors explaining successor readiness in family businesses include age as an indication of leadership readiness (Kelleci et al., 2018). Age reflects knowledge construction (Cabrera-Suárez et al., 2018). It represents years of service, improving post-succession performance (Ahrens et al., 2019). In other words, age means the successor understands the firm and has learned stewardship (Le Breton-Miller & Miller, 2015), giving confidence for earlier retirement.

Having a family successor may also affect the willingness to transfer control. Family control includes influence in ownership, decisions, and leadership. Family culture includes identification, feeling success is shared, personal meaning, and defining status. Family leadership increases in selecting a family successor (Campopiano et al., 2020), who will likely share the incumbent's identity and guard family interests.

Feasibility and self-efficacy enable planned behavior (Ajzen, 1987; Krueger & Carsrud, 1993). Without believing a course of action will achieve desired ends, few intentionally pursue it. Resolving succession largely depends on a suitable successor (Sharma et al., 2001). Retirement intentions rely on a willing, able, and trusted family member becoming the leader. Successors' age and family status indicate succession feasibility and control perceptions. Thus, we propose:

***Hypothesis 5a***. *The intended age of retirement is negatively related to the successor's age.*

***Hypothesis 5b***. *The intended age of retirement is negatively related to a family member successor.*

***Successor formal preparation process***. An incumbent's willingness to retire depends on perceived successor capabilities, post-retirement plans, and succession planning (Sharma et al., 2001). Preparing the successor is critical (Corona, 2021; Sharma et al., 2003), ensuring appropriate leadership skills for the next phase (Dyck et al., 2002). Moreover, the incumbent's role as parents seems to influence successor intentions (Lyons et al., 2023). Formal preparation may enable earlier retirement as risks diminish. The existence of formal preparation indicates feasible succession in TPB. Thus, we propose:

***Hypothesis 5c***. *The intended age of retirement is negatively associated with the existence of formal successor preparation.*

## 4. Methods

To test the hypotheses described above, we used the STEP 2019 Global Family Business Survey. STEP is an international consortium of scholars who seek to understand how family businesses generate new economic activity and increased performance through venturing and renewal across generations. STEP data has been used in previous research on this topic (e.g., Campopiano et al., 2020). The STEP 2019 Global Family Business Survey, developed along with KPMG, attempted to increase the understanding of family business by answering the following questions: How do changed demographics impact family business succession and governance? How are family business leaders planning their personal retirement plans and the company succession plan? What are the differences across cultures?

A total of 1,833 family business leaders from all over the world completed the STEP survey. Data were collected by 48 STEP affiliate universities from different parts of the world with a net 37% response rate. The STEP survey asked respondents to share their views on changing demographics and how they impact the family business governance, succession, entrepreneurial orientation, and performance. Family business leaders responding to the survey spoke eighteen languages and came from thirty-three countries and across five world regions (Europe & Central Asia, North America, Latin America & Caribbean, Asia & Pacific, and Middle East & Africa). An explanation of the operationalization of the variables examined in this study follow.

### 4.1. Dependent variable

The Dependent variable for this study was the intended retirement age of the CEO. Like previous research (Post et al., 2013), we used respondents' self-reports of intended retirement age. Specifically, respondents were asked what age they intended to retire.

### 4.2. Independent variables

The independent variables are from two different groups: the CEO and those related to the family business. The operationalization of the independent variables used to test the hypotheses of this study are explained below.

#### *4.2.1. CEO characteristics*

The primary purpose of this research is to examine CEO characteristics explained by TPB that are expected to drive their intended retirement age. We examined CEO age, retirement plans and perceptions in this study. The operationalization of the variables is explained below.

*CEO tenure*. CEO respondents to our survey were asked to give the length of time they have been CEO in their family business by indicating which of nine categories they fit. Each of the categories were five-year tenure segments, 1-5 years, 6-10 years and so on, up to 41 years and higher.

*CEO age*. CEOs were asked to give their age by selecting the age category within which they fit. Categories in our research used those in other studies, beginning with 20 years and lower and went 21-30 years, 31-40 years and so on through 81 years and higher.

*Existence of a retirement plan*. Respondents were asked if they had a retirement plan. If they answered 'no' response was coded 0 and if they answered 'yes', the response was coded 1.

*CEO perceived need for governance change*. Respondents were asked if they perceived the need for a change in the existing family business governance to achieve great growth and performance, and/or family harmony. If they answered 'no' their response was coded 0 and if they answered 'yes', their response was coded 1.

#### *4.2.2. Family business level*

There are family business factors that could affect the intended retirement age of CEOs. We examined family business governance, former CEO retirement and future CEO characteristics. The operationalization of each is explained below.

*Family governance structures* included formal family councils, formal family meetings and family assemblies. The greater the number of these structures the more formal family business structure existed.

*Family business policies* include the existence of family protocol or constitution, family mission or vision statement, conflict resolution policy, family employment policy and mandatory retirement age for family members. The greater the number of these governance policies the greater the family relies upon formal regulation to manage their business.

*Corporate governance structures* are mechanisms typically prescribed in the corporate governance literature such as a board of directors or an advisory board and independent directors. The existence of any of these suggests that more formal 'corporate' governance structures are being used within the family business.

*Corporate policies* include formal by-laws, a formal succession mandates, and mandatory retirement age. The existence of any of these indicates that the family business is using corporate governance prescriptions on their policies.

*Former CEO retirement age* was determined by asking the respondent to indicate which age category s(he)s(he) was in when they retired. In particular, the survey asked: "To the best of your knowledge, at what age did the former CEO leave his/her position?"

*The age of the next CEO* was asked to determine if the incumbent's age was a factor in the current CEO's retirement. In particular, the survey asked: "What is the current age of the identified CEO?"

*Next CEO family member*. Respondents were asked to indicate if the next CEO is a family member or not. A dichotomous variable was used with '0' indicating the incumbent is not a family member and '1' is a family member.

*Formal successor preparation process*. Respondents were asked if a formal CEO preparation process existed within their family business. If a formal preparation process existed in the family business, we coded this variable '1' and if not, we coded it '0'.

### *4.2.3. Control variables*

This study examines CEO and family business characteristics that explain the CEO's intended retirement age to determine which has the greatest explanatory power. Previous research has demonstrated that firm size, performance, industry, and country may influence succession in a family business. (e.g., Sharma et al., 2003).

*Size*. We measured and controlled for firm size by the total annual sales in US dollars.

*Firm performance*. To control for firm performance, we asked the firm to indicate how their return on equity (ROE) compared to the competition over a three-year period (2016-2017-2018). The subjective measurement of performance became necessary since the family firm in our sample were all closely held and the willingness to report objective data could not be expected (Love et al., 2002). This comparison to similar firms controls for industry effects and has been shown to correlate with objective performance data (Dess & Robinson, 1984; Love et al., 2002; Venkatraman & Ramanujam, 1987).

*Market dynamics*. The market dynamics variable reflects the CEO's perceptions of the market's pace of change, the customer's demand for new products and services, and the volume of product and service variability using a five-point Likert scale.

*Country average retirement age*. To account for regional and country differences in our sample, we used the average retirement age for countries in our sample (Alonso-Ortiz, 2014). The average country retirement age ranged from 55 in China to 68 years old in the Netherlands and Finland. The mean was 63 years with a standard deviation of 3.3 years.

A summary of all variables can be found in Table 1.

**Table 1.** Summary of variables

| Variable | Type of variable | Citation | Hypothesis |
|---|---|---|---|
| CEO intended retirement age | Dependent | Post et al. (2013) | All, H1 to H5 |
| CEO tenure | Independent | | H1a |
| CEO age | Independent | | H1b |
| CEO retirement plan | Independent | | H2a |
| CEO perceived need for governance change | Independent | | H2b |
| Family organization | Independent | Chua et al. (2011) | H3a |
| Family policy | Independent | Chua et al. (2011) | H3a |
| Formal board structure | Independent | Johnson et al. (1993) | H3b |
| Formal governance charter | Independent | Johnson et al. (1993) | H3b |
| Formal former CEO retirement age | Independent | | H4 |
| Next CEO age | Independent | | H5a |
| Next CEO family | Independent | | H5b |
| Formal preparation process | Independent | | H5c |
| Firm size: Sales | Control | | All |
| Firm performance: ROE | Control | Dess & Robinson (1984); Love et al. (2002) | All |
| Market dynamics | Control | | All |
| Average country retirement age | Control | Alonso-Ortiz (2014) | All |

**Table 2.** Correlation data

| | Age to retire | Sales (US $) | ROE | Market dynamics | AVG retirement age | CEO tenure | AGE | Retirement plan | Change in governance needed | Family organiza-tion | Family policy | Formal board structure | Formal governance charter | Former CEO retirement age | Next CEO age | Next CEO family | Formal prepara-tion process |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Age to retire** | 1 | | | | | | | | | | | | | | | | |
| **Sales (US $)** | 0.038 | 1 | | | | | | | | | | | | | | | |
| **ROE** | -0.015 | 0.154** | 1 | | | | | | | | | | | | | | |
| **Market dynamics** | 0.028 | 0.098** | 0.032 | 1 | | | | | | | | | | | | | |
| **AVG retirement age** | 0.185** | 0.059* | 0.067* | 0.011 | 1 | | | | | | | | | | | | |
| **CEO tenure** | 0.343** | .075** | 0.007 | 0.028 | 0.118** | 1 | | | | | | | | | | | |
| **AGE** | 0.556** | .069** | -0.01 | 0 | 0.184** | 0.654** | 1 | | | | | | | | | | |
| **Retirement plan** | -0.095** | -0.011 | 0.02 | 0.023 | -0.138** | 0.107** | 0.123** | 1 | | | | | | | | | |
| **Need change in governance needed** | -0.087** | 0.094** | -0.081** | 0.04 | -0.275** | -0.042 | -0.056* | 0.033 | 1 | | | | | | | | |
| **Family organization** | 0.027 | 0.043 | 0.051* | 0.075** | -0.013 | 0.014 | 0.037 | 0.044 | -0.058* | 1 | | | | | | | |
| **Family policy** | -0.099** | 0.171** | 0.131** | 0.077** | -0.084** | -0.044 | -0.058* | 0.121** | -0.01 | 0.372** | 1 | | | | | | |
| **Formal board structure** | 0.039 | 0.355** | 0.075** | 0.079** | -0.034 | 0.022 | 0.090** | 0.035 | 0.059* | 0.232** | 0.307** | 1 | | | | | |
| **Formal governance charter** | -0.016 | 0.037 | 0.035 | 0.059* | -0.049 | 0.023 | 0.050* | 0.079** | -0.009 | 0.195** | 0.331** | 0.091** | 1 | | | | |
| **Former CEO retirement age** | 0.297** | 0.03 | 0.055 | -0.029 | 0.182** | 0.033 | 0.218** | -0.06 | -0.061 | -0.027 | -0.02 | 0.026 | 0 | 1 | | | |
| **Next CEO age** | 0.315** | 0.331** | -0.043 | -0.029 | 0.139** | 0.199** | 0.415** | -0.106* | 0.01 | 0.104* | -0.056 | 0.258** | 0.022 | 0.072 | 1 | | |
| **Next CEO family** | -0.065 | -0.209** | -0.049 | -0.069 | -0.069 | -0.026 | -0.098* | -0.031 | 0.02 | 0.036 | -0.001 | -0.312** | -0.051 | 0.029 | -0.314** | 1 | |
| **Formal preparation process** | 0.008 | 0.061* | 0.094** | 0.122** | -0.019 | 0.088** | 0.096** | 0.195** | -0.047 | 0.240** | 0.279** | 0.109** | 0.233** | -0.075* | -0.131** | 0.142** | 1 |

** Correlation is significant at the 0.01 level (1-tailed).

* Correlation is significant at the 0.05 level (1-tailed).

### 4.3. Method of analysis

Multiple regression analysis using SPSS was used to test the hypotheses outlined above. Control variables entered the equation first, followed by CEO factors and finally family business characteristics. This statistical tool allows the analysis of a single dependent variable and several independent variables. It also allows us to control for variables that might explain the variance in the relationships of interest for this study. The Harman single factor and partial correlations tests found that common method error is not a factor in this research.

## 5. Results

From the 1,833 family business leaders who completed the survey, we perform our analysis with data from 1,177 family businesses that came from family business CEOs (the focus of our analysis). 81% of respondents were male, and 19% were female. 35% of the sample had four-year college degrees and 30% had master's degrees. There were 41% first-generation businesses, 40% second-generation, and 19% third-generation or more. Table 2 shows the correlations between all variables. Multicollinearity between independent variables does not appear to be a problem in this sample.

Stepwise multiple regression was used to test the hypotheses of this study. Four control variables entered the analysis first: sales (representing firm size), ROE, market dynamics, and the average retirement age of the respondent's country of origin. Model 1 in Table 3 shows the results of the testing. Only the average retirement age was statistically significant ($p < 0.001$). The model explained 4.7% of the variance in CEO intended retirement age.

**Table 3.** Multiple regression

| | Models | | |
|---|---|---|---|
| | **Model 1** | **Model 2** | **Model 3** |
| Dependent variable: CEO intended retirement age | **Controls** | **CEO** | **Family Business** |
| (Constant) | 0.668 | 1.834* | - 1.483 |
| Sales (US $) | 0.031 | 0.001 | - 0.051 |
| ROE | - 0.068 | - 0.028 | - 0.01 |
| Market dynamics | 0.012 | 0.018 | 0.088** |
| AVG retirement age | 0.093*** | 0.024* | 0.067* |
| CEO tenure | | - 0.015 | 0.011 |
| Age | | 0.754*** | 0.521*** |
| Retirement plan | | - 0.539*** | - 0.333* |
| Need change in governance needed | | - 0.135+ | - 0.859*** |
| Family organization | | | 0.062 |
| Family policy | | | 0.188* |
| Formal board structure | | | - 0.035 |
| Formal governance charter | | | - 0.168 |
| Former CEO retirement age | | | 0.121** |
| Next CEO age | | | 0.007 |
| Next CEO family | | | 0.084 |
| Formal preparation process | | | - 0.284+ |
| **R-square/Adj R-Square** | 0.037/0.034 | 0.339/0.335 | 0.508/0.459 |

*** Correlation is significant at the 0.00 level (1-tailed).
** Correlation is significant at the 0.01 level (1-tailed).
* Correlation is significant at the 0.05 level (1-tailed).
+ Correlation is significant at the 0.10 level (1-tailed).

**Incumbents' attitudes toward retirement.** The first set of hypotheses examines the first antecedent in the TPB model of retirement age (Figure 1), the CEO individual level attributes that explain their intended retirement age. The two sets of variables tested in this study are age-related and the CEO's retirement plans and perceptions. Each group is explained below. Table 3, Model 2 shows the stepwise multiple regression results.

**CEO age related.** Hypothesis 1a posited that CEO tenure would positively explain intended retirement age. Table 2 shows the correlation between tenure and anticipated age was significant ($r = 0.343$, $p < 0.01$); however, the relationship was not significant in the regression with control and other CEO-level variables (Table 3). Hypothesis 1a was not supported.

Hypothesis 1b argued CEO age positively explains intended retirement age. Table 2 shows CEO age and intended retirement age were significantly correlated ($r = 0.556$, $p < 0.01$). The regression including controls and individual-level variables supported the hypothesis that CEO age explains intended retirement age ($p < 0.001$). Hypothesis 1b was supported.

**CEO plans and perceptions.** Hypothesis 2a argued that a planned CEO retirement predicts a lower intended retirement age. Results show a significantly negative relationship in the correlation (Table 2) and regression (Table 3). This supports that an existing retirement plan is associated with a younger intended retirement age compared to no plan. Follow-up testing revealed CEOs with a plan intended to travel (32%), spend time with family (30%), and advise the business (31%) after retiring.

Hypothesis 2b argued that perceiving a governance change need predicts earlier intended retirement. The variable was in the expected direction, approaching significance ($p < 0.10$) with CEO-level variables, and was significant in the full model ($p < 0.001$). The hypothesis was supported, perceiving a governance change need predicts earlier intended retirement.

Three of four CEO characteristics hypothesized to affect anticipated retirement were significant. The CEO-level model explained 34% of variance in intended retirement age. Overall, CEO-level variables explain letting go as hypothesized.

**Perceived family business support and successor feasibility.** Family business level variables correspond to the second and third antecedents of the TPB model. Perceived family business support is described as governance design and predecessor retirement age. Successor feasibility variables are future CEO characteristics. These are thought to explain the current CEO's intended retirement age, reviewed below.

**Governance design.** Hypothesis 3a argued more family governance structures and policies predict earlier CEO retirement. Family structure existence did not explain variance in intended retirement age. Follow-up testing showed 20% of CEOs were also board chairs, 23% directors, 37% owners, and 31% top managers. The structure result fails to support hypothesis 3a.

Greater family policy numbers did predict younger intended retirement, supporting hypothesis 3a for policy. Policies established by the family organization, likely with CEO approval, predict earlier intended retirement. Hypothesis 3b examined whether corporate governance structures and policies affect intended retirement age. While relationships were in the expected direction, neither corporate structures nor policies significantly explained intended retirement age. Hypotheses 3b was not supported.

**Former CEO retirement age.** Tradition can influence retirement behavior across generations. We hypothesized the previous CEO's age could positively influence the current CEO's intended age. The relationship was positive and significant in the full model (Table 3, $p < 0.01$), supporting that the predecessor's age influences the current CEO's intentions. Hypothesis 4 was supported.

**Future CEO characteristics.** Future CEO characteristics were hypothesized to affect intended retirement age. Hypothesis 5a examined if the successor's age predicts earlier retirement. While correlated, successor age did not explain retirement in the regression model. The hypothesized effect of successor age was not supported.

Hypothesis 5b proposed a family member successor predicts earlier retirement. While the correlation was negative as expected, it was not significant. The regression was also not significant. Hypothesis 5b was not supported.

Finally, hypothesis 5c argued formal successor preparation enables earlier retirement. The relationship was negative but only approached significance ($p < 0.10$), below the threshold to support the hypothesis. Hypothesis 5c was not supported.

Only two of eight family business factors were significant – family policy and predecessor retirement age. The full model explained 50.8% (raw) and 45.9% (adjusted) variance. Predecessor age importantly explains additional variance beyond CEO-level factors.

## 6. Discussion and Conclusion

Most prior studies on family business succession examine incumbent behavior during succession (e.g., Sonnenfeld & Spence, 1989), not intentions predicting behavior. However, stronger succession intentions increase the likelihood of actual succession (Ajzen, 1991; Ajzen & Fishbein, 1980). Using TPB, we studied factors affecting the incumbent's intended retirement age as a predictor of actual retirement.

The leader of a tightly held family business has extraordinary power over 'if' and 'when' they relinquish leadership. Literature does not explain motives behind letting go or staying longer. The CEO may be ambivalent toward succession, making intended retirement age a good measure of letting go willingness. This research investigates drivers of the family CEO's *intended* retirement age and their factors affecting retirement. Understanding intended retirement helps researchers and family members gain insight into intentions, motivations, and decision processes, instrumental for promoting long-term success as incumbent decisions significantly impact the business.

Results show both individual and family factors in the TPB model affect intended retirement age, highlighting the prevalence of individual (CEO-level) factors and perceptions over family business factors. These findings confirm the centrality of the incumbent CEO's role in letting go but do not imply self-serving intentions. The results rebalance factors influencing retirement relative to traditional discussions. Individual factors like CEO age, having a retirement plan, and perceiving a governance change need were significant. Explanations may involve stewardship theory, although we did not test this and suggest it as future research. As CEOs age, they may feel their knowledge, experience, and network remain valuable for success and postpone retirement to strengthen the business and stakeholders' well-being.

The negative relationships of perceiving a governance change need and having a retirement plan with intended retirement age may involve goal adjustment capacities in succession (Gagne et al., 2011). Perceiving governance change needed, including their own leadership, makes CEOs more willing to step aside. Goal adjustment helps cope with changing conditions and adjust unachievable goals. This behavior aligns with stewardship theory, as CEOs adjust personal goals to preserve family and organizational interests. Essentially, CEOs intend to retire if they feel their capability to maximize wealth has diminished and change is needed. Retirement plans allow maintaining commitment and identity with the business.

Results align with viewing incumbents as backward-looking (Zellweger, 2017). Specifically, the predecessor's actual retirement age and the incumbent CEO's age significantly predict retirement intentions, while the successor's age does not. Other successor factors were also not significant. This suggests the need for more attention to incumbent concerns like finances, status, and identity, preparing the incumbent's new role should be an explicit succession task. Research should refocus from successors to incumbent and predecessor factors.

We expected governance structures and policies would enable earlier retirement but found support only for family policies, not corporate governance. This seems consistent with the incumbent having enough power and legitimacy that governance bodies do not determine their tenure, viewing CEOs as rational, self-interested actors. However, the lack of evidence for traditional governance structures predicting retirement highlights a stewardship mindset behind CEO intentions, as stewardship governance produces commitment, helping behaviors, and alignment with organizational interests (Davis et al., 1997). If the family has strong control, we expect later CEO retirement ages, as the powerful, sole decision maker over their tenure anticipates later retirement. Results suggest when firmly in control, leaders intend to retire later.

Gerontocracy in the family business, leaders staying in leadership beyond typical retirement ages, is often viewed negatively because of the increased agency costs associated with strategic stagnation and risk aversion. In this paper, we examine conditions that may lead to gerontocracy and others that do not. Also, we question the negative perception of gerontocracy in the family business (Handler & Kram, 1988; Miller et al., 2004) by explaining the centrality role of the incumbent family CEO in the family business and exploring the psychological factors that affect her/his intentions using the theory of planned behavior. Using a global database on succession and retirement plans in family businesses we offer empirical evidence that supports the prevalence of the incumbent's perspective on this decision. This result implies that factors leading to gerontocracy rely mainly on the incumbent CEO's decision, but even if her/his decision turns to gerontocracy, it does not necessarily mean a negative outcome for the business.

### 6.1. Limitations and future research

This research is not without limitations and several future research avenues are proposed. One of the potential limitations of this work is the concentration of the sample to earlier generations' family business. In fact, 80% of the sample are firms of either first (founding) or second generation. We think that the assumptions discussed in this paper may better describe the earlier-generation family leaders and opens an avenue of future research to test them with later-generation family business.

The use of global data provides better worldwide context and considered control variables such as market dynamics and the country's average retirement age to account for country differences. Research may be extended to capture other country/regional distinctive characteristics that can explain differences in retirement intentions. Additionally, we suggest that other variables such as incumbent CEO gender should be studied.

As explained earlier, the age that the former leader retired is significantly related to the anticipated age of retirement for the current leader. If the former leader retired at a certain age, the current leader anticipates doing the same. This suggests that family history and patterns continue to shape the behavior and thinking of leaders in the firm. This begs for additional investigation. How do family legacy and norms affect current family business practices? Legacy and norms have a profound impact for good and bad on family business. This research suggest that they influence succession. Future research is needed to determine other legacy factors and explain how they influence family business. Both theoretical and empirical research is needed.

### 6.2. Practical implications

The results presented in this paper have important practical implications for family businesses, mainly on the succession planning process. Family and governance conversations in evaluating current governance practices and defining family policies are critical and should clearly include incumbents' retirement intentions, legacy dimensions, and the role of family CEOs.

The findings indicate that incumbent leaders should reflect on their personal motivations and goals regarding retirement to understand what is driving their intended retirement timing. This self-awareness can help make more intentional retirement decisions, especially regarding issues as the need for governance change and family governance policies.

Family businesses should proactively have discussions with the incumbent leader about their retirement plans and intentions. This can aid succession planning and smooth leadership transitions. Such conversations should promote the creation of family governance that drives agreements between family members by creating policies and a shared vision for the future. This will allow progress to be made in the retirement and succession process and maintain the continuity of the family business since the CEO will perceive that in the face of his retirement there are the necessary conditions for the family to remain united and hopeful for the future.

Formal governance policies established by the family, such as mandatory retirement ages, can encourage incumbent leaders to plan for timely retirement. Implementing these policies can facilitate succession. It is not enough to have corporate governance for retirement to become a reality as it is usually established.

Preparing the incumbent for their transition through retirement planning can enable earlier and smoother retirement. Retirement preparation should be part of the succession process. Moreover, by focusing succession planning on preparing and selecting the successor overlooks incumbent readiness. Attention should be given to factors like the incumbent's finances, status, identity, and relationships to ease their letting go.

Finally, business families, professionals, and educators must understand that the culture of one's own family is fundamental in the retirement process. This is reflected in the fact that the history of previous CEOs impacts the future behavior of current CEOs. If the previous CEO retired young, the current CEO will tend to do the same and vice versa. Therefore, practitioners must take this factor into account and facilitate programs in which business families analyze and understand their own history to shape their future.

## Ethical statement

The authors confirm that data collection for the research was conducted anonymously and there was no possibility of identifying the participants.

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http://www.revistas.uma.es/index.php/ejfb

# Mystical Veiled Configuration of Agile Operant Resources for Profitability in Family Businesses of Pakistan

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Research article. Received: 2023-09-01; accepted: 2023-10-09

**JEL CODE**
M10

**KEYWORDS**
Gioia methodology, Abduction, Family-owned businesses (FOBs), Agile operant resources, Profitability

**Abstract** Resources act as an arm which often facilitates firm's sustainable performance in volatile business markets. Few studies have emphasized the agile operant resources that propel family-owned firm's profitability. The aim of this article is to show the concealed role of agile operant resources of firm owners that expedite family-owned businesses in profitability to ensure a firm's sustainability. This research uses relativistic perspective based on interpretive worldview. For data collection, purposive sampling is used. While directing interviews, open-ended questions (interview guide) along with observations are used. Abductive research accompanied by Gioia methodology has been utilized for broader themes of discussion. The findings indicated relationship proneness, reputational resources, religious resources, agile soft skills, performance efficiency and excellency as hidden agile intangible resources which facilitate family firms of catering profitability. The paper presents a conceptual framework that highlights how family-owned firms can ensure profitability. The proposed research framework contributes to the present literature of family-owned firms by inspecting the mystical role of agile resources. It opens new avenues for practitioners to work on these resources that support to enhance profitability.

**CÓDIGO JEL**
M10

**PALABRAS CLAVE**
Metodología Gioia, Abducción, Empresas familiares (FOBs), Recursos operativos ágiles, Rentabilidad

**Configuración mística velada de recursos operativos ágiles para la rentabilidad en empresas familiares de Pakistán**

**Resumen** Los recursos funcionan como un arma que a menudo facilita el rendimiento sostenible de las empresas en un mercado empresarial volátil. Pocos estudios han enfocado los recursos operativos ágiles que impulsan la rentabilidad de las empresas familiares. El objetivo de este artículo es mostrar el papel oculto de los recursos operativos ágiles de los propietarios de empresas que aceleran la rentabilidad de las empresas familiares para garantizar la sostenibilidad de las empresas. Esta investigación se basa en una perspectiva relativista e interpretativa a nivel mundial. Para la recopilación de datos, se utiliza un muestreo intencional/judicial. Durante las entrevistas, se emplea un cuestionario abierto (guía de entrevistas) junto con observaciones. Se ha utilizado una investigación abductiva acompañada de la metodología de Gioia para ampliar los temas de discusión. Los resultados indicaron que la propensión a las relaciones, los recursos reputacionales, los recursos religiosos, las habilidades blandas ágiles, la eficiencia y excelencia en el rendimiento son recursos intangibles ágiles ocultos que facilitan la rentabilidad de las empresas familiares. Este artículo propuso un marco conceptual que guía a las empresas familiares para lograr rentabilidad. El marco propuesto contribuye a la literatura actual sobre empresas familiares al examinar el papel místico de los recursos ágiles y recomendar a los profesionales pulir estos recursos que ayudan a mejorar la rentabilidad, lo que lleva a la sostenibilidad de las empresas familiares.

https://doi.org/10.24310/ejfb.13.2.2023.15311

**Author contribution**: Authors contributed equally to the work


European Journal of Family Business is a fully open access journal published in Malaga by UMA Editorial. ISSN 2444-8788 ISSN-e 2444-877X


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## 1. Introduction

Due to environmental volatility, technological advancement and globalization, business dynamic forces are shifting rapidly and continuously influencing business's sustainability (Tahir & Sabir, 2015). The established business model empowers the business sustainability strength through resource distribution, which justifies a significant part in the marketplace. Miller (2011) stated that measuring sustainability is problematic and challenging due to the long-standing landscape. Moreover, they indicated that businesses might be affected by numerous environmental changes and competitive threats. Geissdoerfer et al. (2018) explored that the capability of prediction could swiftly facilitate the business model changes, which drives continuous advantages for the sustainable position of family firms.

Sustainability encourages firm economic growth without harming the environment. The actions of the firm impact the external environment. The rapid forces of competition and globalization force firms to follow ethical ways to attain long-term sustainable objectives (Curado & Mota, 2021). Previous researchers have argued that sustainable income and gains are significant indicators of a firm's sustainable performance (Well & Easman, 1979, cited in Easman et al., 1979). In the bible of corporate virtues, the firm's growth resides only on profits. Another study by Chandler and Williamsons (1962), cited in Whittington (2008), indicates that multi-dimensional organizations measure a firm's sustainable performance through the annual rate of return on stockholders' equity (Armour & Teece, 1978).

Vekataran and Varadarajan (2011), cited in Tipape and Jagongo (2019), stated that the firm's financial performance ensures its ability to operate effectively and efficiently to achieve more profitable growth and continue the business for a long period of time. Research on large firms has concentrated on financial performance's objective measures, such as costs, growth and profitability (Damanpour et al., 2012; Geringer& Hebert, 1991). Research related to management prefers to use accounting variables like return on asset (ROA), return on investment (ROI), return on equity (ROE), interest margin (P/E ratio NIM), and earning per shares (EPS) (Wamiori et al., 2016). The present study veiled the financial performance aspects of the family-owned business, mostly explored in terms of profitability in-depth as return on investment (Basco, 2013; Mazzi, 2011).

In recent years, family business research has gained more attention (Chrisman et al., 2010; De Massis et al., 2012; Sharma et al., 2012). Previous family-owned firms operated with the central tenant of earning profitability (Kumar et al., 2020). In European countries like Spain and Italy, the family business amounts to about 95% of total gross domestic product (GDP) (Kumar et al., 2020). Similarly, in other European countries, like Germany or France, family-owned business accounts for 60 to 70 percent of the total gross domestic product of the country and the same ratio for United States (De Vries et al., 2007). Research indicate that family firms are different in governance mechanisms and these differences explain family firm's innovative behaviors (Kampouri & Hajidimitriou, 2023). The survival of a family-owned business depends on many variables like managerial competencies, family involvement, succession planning and lack of interest, etc. (Boyatziz & Soler, 2012; Braji, 2021; Mokhber et al., 2017). In addition, many researchers have explored the effect of competencies on family-owned business performance and found that competencies positively affect the business performance of family firms (Aslan & Pamukcu, 2017; Neff & Dahm, 2015).

Family involvement is an important determinant to consider a firm as a family firm (Litz, 1995). For example, a family desire to transfer ownership through succession is often considered a unique attribute of each family firm. By adopting these approaches, family firms possess some strategic control over the firm's resources and processes (Soleimanof et al., 2018). Family involvement in business has both positive and negative impacts on a firm´s production. For example, family firms prefer to use internal financial rather than external resources (Soleimanof et al., 2018). Family firms are often interested in innovation opportunities linked to capital enhancement (Hillebrand, 2018). They enhance their capital by efficiently using their resources that drive firm innovation.

Past research has emphasized on the pertinent role of resources (Mosakowski, 2017). Resource contribution may swap by the passage of time, but they always play an important role in improving each firm's performance. Previous organizations considered land, labor, and capital as the resources of production. Overtime, the role of resources has evolved. In the 1990s, Barney (1991) made significant contributions. Barney (1991) propounded the resource-based view (RBV), which regard a firm as a bucket of resources, classified as tangible and intangible resources. Those resources, which have VRIN features, facilitate firms in catering competitive advantage inside the business market (Barney, 1996). RBV focuses on resource diversity. Another view propounds like knowledge-based view (KBV), which believes knowledge is the strategically

sound resource for the firm (Grant, 1996). The central tenet of KBV is the knowledge as the sound resource supports to cater firm competitiveness.
Furthermore, Barney (1996) classified resources into physical, human and organization resources. Resource advantage theory (R-A) expands the view of Barney and additionally categorizes resources into physical, organizational, financial, informational, legal and relational terms (Hunt & Madhavaram, 2020). Later, the R-A theory categorized resources by proposing a hierarchy of resources in basic and higher-order resources (Hunt & Lambe, 2000). These higher-order resources drive firm competitive performance (Teece et al., 2021). Another logic proposed by Vargo and Lusch (2004) is called service-dominant logic (S-D), categorizing resources as operant and operand. S-D logic emphasizes the primacy of operant resources upon operand resources (Vargo & Lusch, 2016). Operant resources are intangible, whereas operand resources are tangible and hard. The volatility of operant resources facilitates firms in developing sound and fierce position in the business world (Abongo et al., 2019). Thus, categorizing operant resources is the least explored area of literature (Abongo et al., 2019). Recent research proposed the details about employee's and customers' operant resources (Waheed & Kausar, 2020) and indicated the gap of other actor's operant resources as the least discussed area of research. The present article focuses on the conception of operant resources and propose that family firm owner's operant resources support firm profitability.
The philosophy of agile is based on capabilities because agility facilitates quicker response and environmental compatibility, allowing organizations to improve their strategic orientation (Yeganegi & Azar, 2012). Agility denotes the skills to think and respond efficiently. Agile operant resources provide the ability to scan the environment and react quickly. Moreover, agility relies on operant resources based on the competencies that facilitate the organization's strategic solid orientation (Bowman & Ambrosini, 2003). A firm's capability to react proactively against surprising environmental changes can be increased through agility (Sune& Gibb, 2015). The evidence shows that role of agile operant resources as antecedent of firm's performance need to be explored in the context of family-owned business in Pakistan. Hence, this study aims to ascertain the concealed role of agile operant resources grounded on the agile abilities of family-owned businesses' (FOBs) owners that facilitate firms in catering profitability, which drives firm sustainable performance. However, sustainable firm performance is a broader phenomenon that has multiple indicators. Therefore, this research focuses only on those intangible resources that support profitability and act as an indicator to drive sustainable performance. The following two research questions are highlighted and addressed through this research:

**RQ1**. *How do agile operant resources of FOB owners encourage a firm's sustainable performance?*

**RQ2**. *How do FOB owners' agile operant resources support firm profitability?*

The introduction of this study resides in research objectives and research questions. The second section of the study shows conceptual and empirical evidence based on past studies. The third section comprises research methodology findings concerning data structures and propositions. The last section comprises the discussion, conclusion, proposed conceptual framework, research implications and future avenues.

## 2. Theoretical Background

### 2.1. Sustainable firm performance

The foundation of business success and survival has shifted toward uncertainty, volatility, dynamism, and imperative environmental conditions (Parmar et al., 2010). While locating these challenges, the parameters of determining firm performance have also changed. Performance is a multidimensional phenomenon used to define business success by achieving the objectives of the business. These objectives can be long-term such as improving efficiency, reducing turnover rates, increasing market shares, having goodwill and increasing profitability. Organizations adopt two criteria for sustainable performance measurement, i.e., financial measurement and market measurement criteria. These measurement criteria are classified in terms of ROI, market share, profit margin of sales, the growth rate of ROI, increase in sales and the firm competitive position in the market.
Assets and skills support the firm's sustainable performance (Aaker, 1989). Research claims that homogeneous top management groups interact efficiently in intense competition; whereas heterogeneous groups would better facilitate adaptation when environmental changes occur. Therefore, top management group composition is considered as the source of firm sustainable performance (Murray, 1989). Sustainability can be generated through the potential of competitiveness and the best way of managing it in the long run (Buckley et al., 1988). In the literature, extensive research indicates entrepreneurial orientation and its impacts on firm sustainable performance

through strategic orientation (Wiklund, 1999). Firms are closely interconnected through social, economic, and environmental factors, which play a critical role in achieving sustainability in terms of growth (Tyteca, 1998). Role of intangibles in which intellectual capital, business relationships, human competencies, and social capital is crucial in determining firm sustainable performance (Allee et al., 2000, cited in Venezia et al., 2018). Firms with high information technology (IT) capability resources can cater to long term sustainable development. These IT capabilities comprise IT infrastructures, human IT resources and IT-enabled intangibles. These resources' effective and efficient use support firm sustainable development (Bharadwaj et al., 2013). Business intelligent systems contribute to firm sustainability management. It supports monitoring sustainable practices. As the business world is changing rapidly, aligning managerial practices with business strategy become the focal point of sustainable development. Previous researchers proposed that market, entrepreneurial and learning organizations play a significant role in firm sustainable development. Each orientation enhances corporate success, but its potential cannot be determined in isolation. Findings suggest that market, entrepreneurial and learning organization enhances firm performance (Alegre & Chiva, 2013). Sustainability creates an impact through present actions on the ecosystems, societies and future environment. These impacts should be incorporated and must be reflected in corporate strategic planning. Research suggests that organizational innovation capability depends on several types of innovation in which technological capabilities in products and processes favor the development of firm's sustainable performance (Yu et al., 2017). Corporate culture is based on collective corporate behaviors of employees and top management that drive a firm's sustainable performance. These companies adopt environmental and social policies to thrive as a highly sustainable firm. An organization's top management often play an integral part in sustainable development by encouraging the role of executive incentives and organizing transparent procedures for stakeholder engagement. Therefore, this research considered profitability as the one indicator of sustainable performance and the study highlights those agile operant resources which support family firms in achieving profitability.

### *2.1.1. Profitability and firm intangible resources*

Organizational growth is measured in the context of firm capacity to earn profit. Therefore, profitability always remains a prime concern, but the paths to achieve and maintain profitability are changing rapidly (Heikkilä et al., 2017). Usually, profitability comes from increased revenues and decreased costs (Pearson & Ryley, 2015, cited in Al Amin & Maina, 2020). Firm downsizing, de-layering, re-engineering, consolidation, mergers and in-depth focus on quality have re-directed firm's attention toward performing more by using fewer resources and becoming more efficient and cost-efficient to improve earning and profitability (Al Amin & Maina, 2020). Companies are trying different initiatives for the reduction of cost, such as decentralization, cost analysis, cycle time, downsizing, empowerment, variable pay, workout, leadership development, rewards, recognition and economic value added (EVA) that are focused on cost elements and lead to maximization of profit (Pearson & Ryley, 2015, cited in Al Amin & Maina, 2020). These functions are designed to reduce the costs of people, processes or other business expenses. On the other side, executives are continuously re-discovering the second dimension of the profit equation: revenue growth. The point is to experience profitable growth (Al Amin & Maina, 2020).

Intangible/operant resources play a significant role in the creation of company value and increase in revenues. Recent research focuses on managing its value (Vargo et al., 2017). Intangible assets comprise on intellectual property (e.g., patents, trademarks, etc.) brand and customer loyalty (Abdikeev, 2018). Hall (1993) has proposed that corporate identity as an intangible asset for the firm supports sustainable positional advantage (Lin et al., 2021). Corporate reputation is regarded as a valuable intangible resource that supports in driving firm profitability. Fombrun and Shanley (1990) posit that reputation reflects a firm's values, which establish social status (cited in Pérez-Cornejo et al., 2020). It reflects the public image and upholds the trust in the industry. Reputation attracts investors, which enhance firm investment and profitability (Lin et al., 2021). A strong reputation has an indirect impact on equity, market evaluation on consumers and ultimately builds trust for the product quality and premium prices. Quantitative research has shown evidence of strong relationships among reputational strength and return on sales. Reputation depicts how favorably equity markets evaluate a firm's performance (Pearson & Ryley, 2015, cited in Al Amin & Maina, 2020). Organizational positive reputation improves operational performance, depicting a positive frame for interpreting firm events and shareholder trust (Lin et al., 2021). Potential shareholders show interest in firms with consistency and good reputations compared to high profit figures.

Financial reputation acts as the general evaluation of a firm's financial prospects. This general evaluation is based on the expectations of profitability, stability and growth (Fombrun & Shanely, 1996, cited in Pérez-Cornejo et al., 2020). Those firms that possess favorable financial reputations have long term financial performance. These companies prove to be more attractive for potential exchange partners. These relationships are more durable and compensatory. Partners emphasize higher quality or less favorable terms of exchange which in turn enhance performance (Pérez-Cornejo et al., 2020). A growing body of literature asserts that good reputations have value and significantly impact a firm's overall financial performance. Corporate reputation is a critical resource with the potential of value creation inhabiting intangible characters of imitation (Brandtzæg, 2014).

RBV proposed that the firm's resources and capabilities support it to attain superior firm performance (Barney, 1991, cited in Nwankpa & Roumani, 2016). Firms' operant resources support to cater firm's sustainable performance outcomes, due to characteristics of resource imitations and non-substitutability (Deephouse, 1997, cited in Doan et al., 2020). RBV highlights the importance of intangible resources and capabilities because they have potential of value creation and is not easy to imitate, ; therefore, it supports firm's sustainable performance (Hall, 1991, cited in França & Rua, 2018). Two resources gain prominence in the literature i.e. organizational culture and firmly embedded knowledge (Teece et al., 2021). These two intangible resources are strategically significant. Intangible resources help in developing a firm corporate reputation, which drives firm growth and superior financial performance (Dowling et al., 1994, cited in Truong et al., 2017) because these resources have a high level of ambiguities, non-substitutability and non-imitability (Barney, 1991, cited in Nwankpa & Roumani, 2016). Corporate reputation follows the long-term and gradual way-out, but once it establishes it increases profitability and growth opportunities. For example, Aaker (1991) posits through a marketing perspective a strong link between the brand name and firm value (cited in Tanveer & Lodhi, 2016). In finance, investors give value to intangible resources. In each discipline, operant resources are pertinent in ensuring sustainable firm performance (Wernerfelt, 1984, cited in Zhang et al., 2021).

Four types of intangible resources drive four distinct capability differentials that lead toward sustainable competitive advantage (Hall, 2009). Research classifies two types of resources i.e. assets and skills. Intangible and operant resources comprise of patents, copyrights, contracts, registered designs, formulas, trade secrets etc. (Brown & Ulgiati, 1997). It lays the basis of regulations. The second type of resources based on the firm's reputation are databases, internal and external networks and positional differentials. Two types of intangible/operant skills, i.e., know-how of employees and distributors are treated as the functional differential (Helms, 2016). The second type of resource is organizational culture comprises people attitudes and behaviors, perception of quality services and ability to manage change within an organization known as cultural differential (Omil et al., 2011). Company reputation, product reputation, employee know-how (knowledge), organizational culture and social networks all intangible/operant resources significantly impact firm financial performance, leading to sustainable competitive advantage (Dierickx & Cool, 1989, cited in Barney, 2012).

Firms attain profitability through maximizing resource productivity (Pearson et al., 2015a). Resources alone are not sufficient until they permit firms to enact productive work within specific business markets. Intangible resources play an important role in creating value (Porter, 1980; Barney, 1991). These resources are the inputs of the production process and drive advantage for firms (Grant, 1991). Resources provide a competitive advantage but SCA is achieved through resources that are scarce, unique, non-tradable, inimitable, durable, idiosyncratic and non-substitutable (Amit & Schoemaker, 1993). In economic literature, the main concern of a company is profitability. Potential resides on the firm's internal resources and its role proves as a determinant of difference in profitability among firms (Peteraf, 1993; Teece, 1981, cited in Katkalo et al., 2010). RBV proposed that firm can boost potential by efficiently managing intangibles (Fleisher, 2002, cited in Omil et al., 2011). An organization can attain excellence by managing business practices and resources (Mankins & Steele, 2005).

During the last several years, Pakistan has gained exceptional economic development in unlisted enterprises, notably FOBs. Small FOBs often become limited liability corporations (Jahiu, 2020). These FOBs have become the backbone of the economy of Pakistan (Qureshi et al., 2013). The rapid expansion of SME fuels the development of Pakistan's private sector. Family owners possess unique agile operant resources that enhance the firm's profit. This study focuses on how a FOBs' agile operant resources support to enhance the firm's profit.

### 2.2. Role of operant resources in family-owned businesses

Generally, a FOB is defined as an organization operated and owned by family members with self-ownership and management (Feldman et al., 2016; Villalonga & Amit, 2020). Three viewpoints are found in extant literature regarding family firms, i.e. t ownership viewpoint, management viewpoint, and subjective viewpoint (Villalonga & Amit, 2020). The viewpoint of ownership states that some FOBs are controlled by two or more family members with significant equity possession (Sciascia et al., 2013). The management viewpoint depicts firm having family ownership and family members managing daily operations (Spriggs et al., 2013). The subjective viewpoint stipulates that a family business has no ownership of equity but owner perception. It means that a business is considered as family business if the owner has faith that it is a family business (Stockmans et al., 2010). Muttakin et al. (2015) observed a family business in terms of concentration of ownership rather than the structure of diffused ownership. Moreover, countries with weak regulatory institutes dominate the family business in terms of the business landscape. Among different conceptualization, the best way to define a FOB is through “three-circle” concept, which explain that the interaction of the family, the company and the owners must be looked at as a whole to understand the FOB holistically (Diaz-Moriana et al., 2019; Tagiuri and Davis, 1996, cited in Zellweger, 2013).

In FOBs the chief executive officer (CEO) would be a family member and next kin will be based on succession; this leaves a room for smooth and long term strategies; and a business process will be trickled down from generation to generation. It may reflect more stability and continuation. Family firms enhance their capital by efficiently using resources to drive innovation. Family firms prioritize humans as a pertinent resource. They manage and socialize their employees that drive toward competitive advantage and improved firm performance (Habbershon & Williams, 1999). FOBs promote a family-based unique working environment that supports and promotes employee’s commitment and dedication. Some attributes prevail in family firms based on the shared sense of identity, better communication with greater privacy, and emotional involvement among co-workers (Tagiuri& Davis 1996). These attributes of family business culture enhance employee loyalty and trust which helps to increase employee output (Bertrand & Schoar, 2006). Another advantage of family firms is the reduction of the expense of employee audits, since employee and employer contractual protection costs like union representation may be substantially less in family firms (Barbera & Moores, 2013). Literature proposed that FOBs have lower recruitment costs and human resource costs; therefore, considered more effective than other family firms compared to labor-intensive businesses (De Paola et al., 2009). Thus, the reasons for family firm success lies in cost-effective labor resources and family strategic level ownership.

Two primary factors drive the superior success of family companies. Initially, senior management of FOBs is based on family members who have greater organizational-specific expertise that enables efficient decision-making. Secondly, a FOB has a long-term investing perspective to make judgments for the future. Consequently, family businesses have beneficial effects on ownership that supports company success. The role of resources has been extensively studied in the literature on family life and work (Halbesleben et al., 2012). Organizational sustainable performance is impacted positively by the resource called family support (Jain & Nair, 2017, cited in Campo et al., 2021). Receiving help in the family or at work is seen as a beneficial resource that enhances the quality of family life and work (Jain & Nair, 2017, cited in Campo et al., 2021). Supportive family resources increase work productivity and strengthen the company’s market position (Jain & Nair, 2017, cited in Campo et al., 2021). When FOB owners have family and professional support, their motivational level improves and they perform diligently (Jain & Nair, 2017, cited in Campo et al., 2021). With reference to diversified literature, current study aims to clarify the concealed role of other family operant resources of FOBs owners that supports to earn profitability.

### 2.3. Progressive configuration of resources

Despite the widespread usage of the term resources in scholarly work, the meaning still seems evolving. Essentially, resources are productive or economic components required to complete a task or to engage in an endeavor and achieve desired results (Fratini et al., 2019). Capital, labor and land are included in the classic understanding of basic resources (Wilson, 1960, cited in Piven & Cloward, 1995). In the framework of resources, organization resources are viewed as strengths that companies may employ to develop and execute their plans (Porter & Rossini, 2019; Teixeira et al., 2019). Numerous scholars made important contributions to resources by classifying lists of resources according to business characteristics (Fratini et al., 2019). Resources are grouped into three types: organizational capital resources (coordinating system, informal and formal planning, firm structure and controlling), human capital resources (relationship, intelligence, judgment, experience and training) and physical capital resources (raw material, organization physical location, equipment, plant, and physical technology) (Sony & Aithal, 2020). In the RBV, Barney (1991) gives two concepts of physical and immaterial resources (Jogaratnam, 2017). RBV highlights physical resource diversity and the VRIN (non-replaceable, inimitable, rare and valuable) quality of resources as the organization's strategic reasons of developing key success factors (Barney, 2021). The knowledge-based perspective highlights operant assets as solid strategic assets (Grant & Carolis, 2002, cited in Roberto et al., 2020). The resource-advantage theory (R-A), based on the RBV, defines resources as physical and operant elements (Hunt & Morgan, 2017). It illustrates that a competitive resource leads to greater financial business performance. The R-A concept distinguishes between essential and greater resources (Guillory et al., 2019). The R-A concept offered a paradigm of company resources via the lens of S-D logic by establishing a hierarchal categorization of organizational resources. Further, S-D logic divides resources into operand and operant resources. Conventionally, resources act as productive or financial variables necessary to complete an operation or achieve an objective (Wilson, 1960, cited in Piven & Cloward, 1995). Two categories are found in the literature:

**Operand/static/tangible resources**: These include capital, labor, and land (Wilson, 1960, cited in Piven & Cloward, 1995).

**Operant/intangible resources***:* These resources operate to convert, multiply or evolve. It is based on competencies, abilities and knowledge (Lusch & Vargo, 2004, cited in Tregua et al., 2021). These properties may adapt, alter and flourish. They are immaterial, ongoing and vibrant. It offers a foundation for seeing competencies, skills and knowledge as operant/intangible resources (Constantin & Lusch, 1994; Vargo & Lusch, 2004, cited in Tregua et al., 2021).

## 3. Research Methodology

Research philosophy reflected the researcher's worldview. For selecting research philosophy, research begins with the knowledge of epistemology and ontology. This article endorsed an epistemological stance that is interpretivism and consider several interpretive stances of truth (Hug et al., 2021) alongside ontology resides on FOB owners. Research question of this study indicated exploratory research that inspected family firm owner's resources and how it facilitates firm profitability. In this viewpoint, this research borrowed qualitative methodology (Eisenhardt, 1989) by adopting abduction approach, beginning from certain assumptions that search most likely explanations from the observations. The subjective point of view is important to understand the depth of studied phenomenon.

### 3.1. Data collection and demographical details of informants

Purposive sampling is used to collect data from FOBs. The rationale of selecting this technique is to collect more relevant data. In purposive sampling, sample is selected based on judgement by researcher and central focus resides on specific characteristics of population (Higginbottom, 2004). FOBs were the unit of observation. Initially, those FOBs who have sound serving history in last 10-30 years of diversified sectors from all over Pakistan are considered. The sample resides on 30 FOBs in four different regions of Pakistan. Figure 1indicates the studied region in the map of Pakistan. Author's gathered data through triangulation especially in qualitative research (Pettigrew, 1990; Van de Ven, 1992). Primary data sources were interviews and other sources were observations, company websites, brochures, formal and informal telephonic follow-ups etc. An interview guide formed regarding the phenomenon after in-depth and extensive review of literature. Interview guide is based on several semi-structured open-ended questions related to phenomenon. During interviews questions were asked from informants. Alike, what do FOB owners possess the significant agile resources? How FOB owner's resources facilitate firm profitability? All FOBs of Pakistan are considered for unit of analysis. Detail lists of family businesses were gathered through Karachi and Lahore Stock Exchange.

**Figure 1**. Map of Pakistan spotlighting the studied area

Table 1 indicated the detail demographical descriptions of interviewees. Total 30 informants were selected in which 28 were males and 2 were females. All are working as active participants. Mostly interviews are conducted from 2nd and 3rd generation. Two to three rounds of interviews are taken to reach the essence of phenomenon. Those informants who are acting as Directors, Head of the business and CEO level were considered

**Table 1.** Demographical details of informants

| Sr.# | Gender | Nature of Family Business | Family Generation | Informants Designation | No. of Interviews | Industry | Participation in Business | Working Experience (Years) | Qualification | Firm Age (Years) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Male | Sole Ownership | 2nd | CEO | 2 | Glass & Aluminium | Active | 10 | BBA (Hons) | 35 |
| 2 | Male | Sole Ownership | 2nd | CEO | 2 | Water Filtration Plants | Active | 34 | MA (USA) | 34 |
| 3 | Male | Partnership | 2nd | CEO | 2 | Textile | Active | 10 | BA | 35 |
| 4 | Male | Partnership | 2nd | Director | 2 | Engineering & Management | Active | 10 | MA (UK) | 30 |
| 5 | Male | Sole Ownership | 2nd | CEO | 2 | Sports | Active | 11 | BS (Hons) | 11 |
| 6 | Male | Sole Ownership | 2nd | CEO | 2 | Hardware | Active | 20 | BA | 25 |
| 7 | Male | Sole Ownership | 3rd | Director | 1 | Watches | Active | 10 | BA | 40 |
| 8 | Male | Sole Ownership | 3rd | Director | 2 | Cosmetics | Active | 12 | BA | 50 |
| 9 | Male | Sole Ownership | 2nd | CEO | 2 | Textile | Active | 10 | MBA (HR) | 40 |
| 10 | Male | Sole Ownership | 2nd | CEO | 1 | Solar Energy | Active | 14 | BS (Engr) | 20 |
| 11 | Male | Partnership | 2nd | CEO | 2 | Nuts & Herbs | Active | 40 | Master | 50 |
| 12 | Male | Sole Ownership | 2nd | Director | 1 | Bicycle | Active | 10 | M.Phill | 40 |
| 13 | Male | Sole Ownership | 2nd | Director | 2 | Services | Active | 10 | BA | 31 |
| 14 | Female | Partnership | 2nd | Head HR | 1 | Automobile | Active | 15 | MBA (HR) | 28 |
| 15 | Male | Sole Ownership | 2nd | CEO | 2 | Glass & Aluminium | Active | 30 | BA | 35 |
| 16 | Female | Sole Ownership | 2nd | CEO | 1 | Technology | Active | 10 | MS.c (US) | 30 |
| 17 | Male | Sole Ownership | 2nd | CEO | 2 | Carpets | Active | 10 | BA | 18 |
| 18 | Male | Sole Ownership | 2nd | CEO | 2 | Medical | Active | 15 | BS | 33 |
| 19 | Male | Partnership | 2nd | CEO | 2 | Solar Energy | Active | 10 | BA | 10 |
| 20 | Male | Sole Ownership | 2nd | CEO | 2 | Textile | Active | 13 | CFA | 15 |
| 21 | Male | Sole Ownership | 2nd | CEO | 1 | Services | Active | 10 | CFA | 15 |
| 22 | Male | Partnership | 2nd | CEO | 2 | Services | Active | 15 | CA | 30 |
| 23 | Male | Partnership | 2nd | CEO | 1 | Tiles & Ceramics | Active | 10 | M.Phill | 15 |
| 24 | Male | Partnership | 2nd | CEO | 1 | Steel & Iron | Active | 15 | BA | 3 |
| 25 | Male | Sole Ownership | 2nd | CEO | 2 | Steel & Iron | Active | 20 | BA | 50 |
| 26 | Male | Sole Ownership | 2nd | CEO | 1 | Medical | Active | 11 | D-Pharmacy | 18 |
| 27 | Male | Sole Ownership | 2nd | CEO | 2 | Education | Active | 12 | M.Phill | 38 |
| 28 | Male | Partnership | 2nd | CEO | 1 | Tiles & Ceramics | Active | 15 | BS | 24 |
| 29 | Male | Sole Ownership | 2nd | CEO | 2 | Medical | Active | 21 | D-Pharmacy | 10 |
| 30 | Male | Sole Ownership | 2nd | CEO | 1 | Medical | Active | 12 | D-Pharmacy | 30 |

for interviews. Author's hide the identities of informants to secure privacy matters. Mostly informants actively working experience revolves around 10-25years of controlling family firms in multiple sectors. Their level of education somehow was Graduation and Master level etc. Most of the interviews were telephonic and skype due to the Covid-19 crisis following Government lockdown restrictions. But some of the interviews were taken through personal visits. During interviews informants' convenience and comfort considered on priority basis so interviews were recorded based on the permission of informants but field notes are preferred to capture the exact information. All interviews are transcribed. One of the merits of our research is to cover many industry perspectives about agile operant resources. The logic of controlling the diversified views is the commonality of agile operant resources and earning profitability as the central tenant in each sector. The current article opted for theoretical sampling and grounded theory (Thomas, 2006). Saturation level depicted the number of informant's interviewed for study. This study shown saturation level after conducted 30 informants' interviews. In grounded theory, theoretical sampling encourages the development of theoretical categories as mentioned in this study. In theoretical sampling, researchers collected information grounded on some research questions developed by authors based on extensive literature review. Theoretical sampling supports researchers to determine the range of variations in emerging categories and properties. Hence, this article indicates the cumulative perspective on the pertinent role of agile operant resources in FOBs and their utilization of resources related to earning profitability in long run to ensure family firm sound sustainable position in industry.

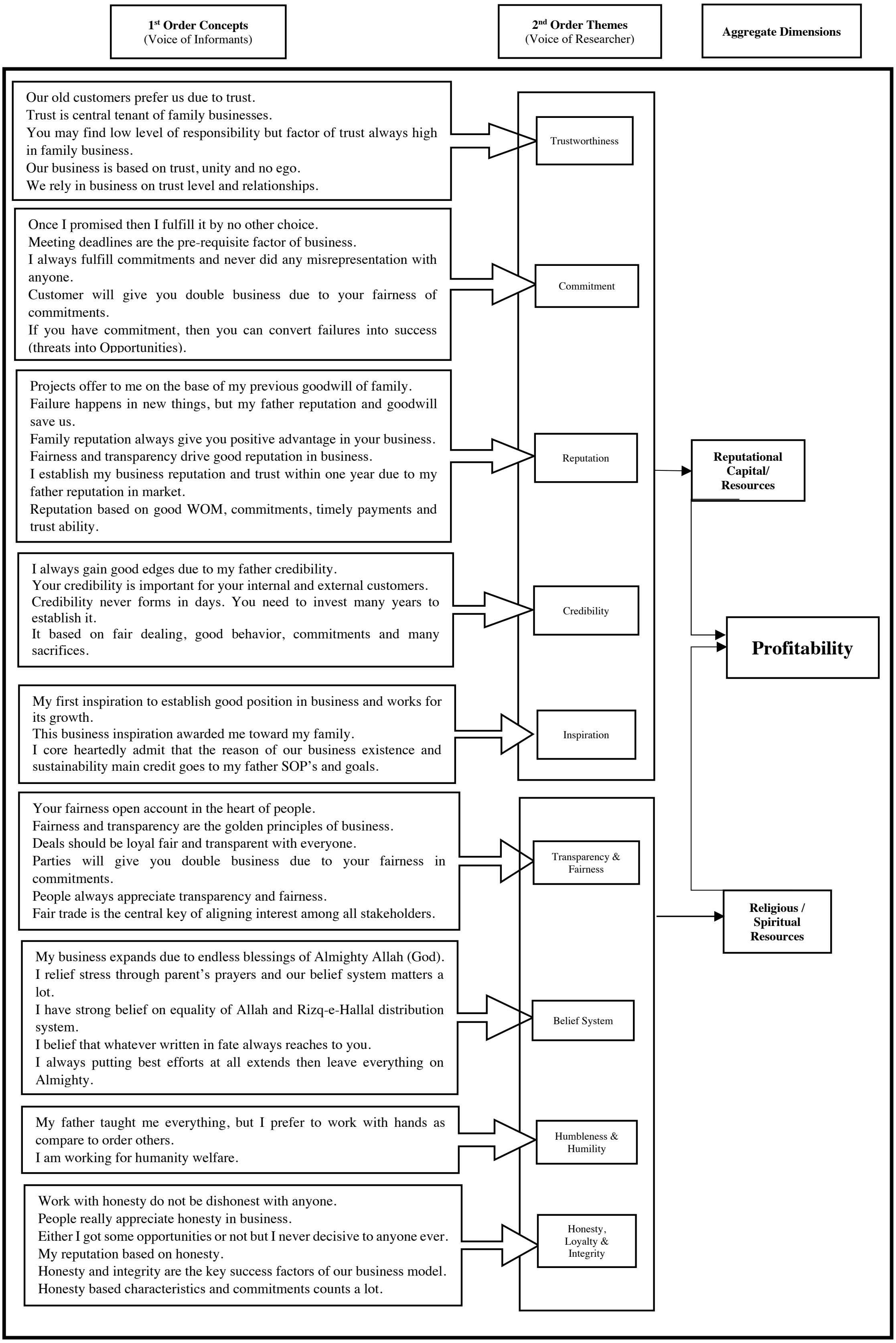
### 3.2. Analysis of data

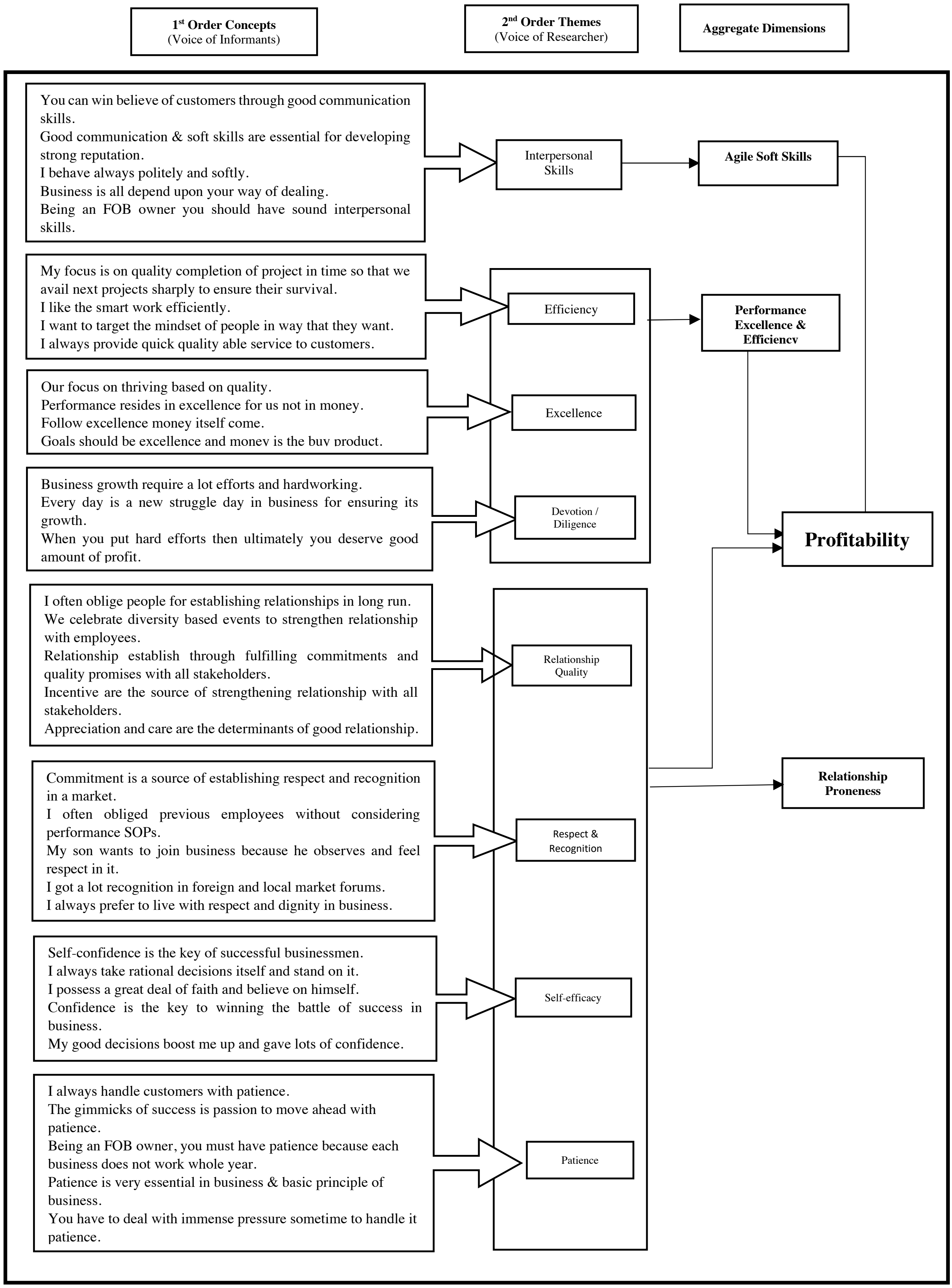
Data analyzed by researchers and research questions directed toward abductive approach in qualitative. Findings from the analysis grounded on raw data are not moderated through prior theoretical lenses (Thomas, 2006). Sparse research is available by indicating those operant resources possessed by family firms that facilitate to cater profitability within Pakistan. Consequently, a grounded theory, famously titled as Gioia method, has been used to indicate the hidden mystical role of the firm owner, which encourages the family firm's profitability. For analysis, this study opted Gioia methodology. Gioia is a well-recognized and rigorous method that nurtures the requirements of novel concept formation through an abductive research approach by following the rigorous standards (Gioia et al., 2013). Gioia is substantially used in strategic management, marketing, organizational behavior and service science literature (Bettis et al., 2015). Thus, Gioia method is used in the relatively novel business stream. The research method assumed researcher and informant as knowledge agents capable of analyzing the socially constructed realities (Gioia et al., 2013). In the field of management sciences, Gioia is famous for new concept formation. This research applied coding propound by Gioia et al., 2013 methodology to introduce rigor and novelty in research. Gioia methodology based the assumptions of socially constructed organizational world and everyone have their own reality. This article adopted complete Gioia methodology as research technique for qualitative rigor. Least research is available in management disciple which used Gioia as research methodology. Gioia et al. (2013) methodology analyzes the data in 1st order, 2nd order and aggregate dimensions to reach the deep soul of the phenomenon. Hence, it offers the methodological rigor and originality for new researchers. Gioia methodology comprises on three steps for analysis i.e. first-order concepts (based on voice of informants), second-order themes (based on voice of researchers) and aggregate dimensions (embedded with 1st-order and 2nd order concepts). Second-order grounded on voice of researchers. Third-order or aggregate dimensions represent higher-order concepts and encourage novel inclusion in theory enhancement. Current study conducts within the domain of FOBs which foster the novel weaves of knowledge in family business studies. The rational for selecting Pakistan in data collection is the pertinent presence of FOBs in Pakistan (Khanna & Yafeh, 2007). This study is useful for practitioners especially family firm owners by providing significant insights about hidden agile operant resource's role to manage sustainable development.

## 4. Findings/Results

The main objective of each firm is to maximize profitability. For this, family owners possess some agile operant resources supporting profitability. These are reputational resources, religious resources, agile soft skills, esteeming relationships, performance excellence, and efficiency. Reputational resources drive firm profitability, and it is rooted in trustworthiness, commitment, reputation, inspiration and credibility. Respondents repeatedly reported religious resources impact on the maximization of profit. It is based on transparency, fairness, belief system, honesty, loyalty, integrity, humbleness, and humility. Giving esteem to relationships is dominant in attaining a family firm's profitability. It is based on respect and recognition, self-efficacy and patience. Performance excellence and efficiency are based on the following sub-themes i.e., structure thinking patterns, efficiency, excellence and hard work. Figure 2 shows those agile operant resources which support in attaining profitability.

**Figure 2.** Family owner's resources in profitability




1st Order Concepts
(Voice of Informants)
2nd Order Themes
(Voice of Researcher)
Aggregate Dimensions
You can win believe of customers through good communication skills.
Good communication & soft skills are essential for developing strong reputation.
I behave always politely and softly.
Business is all depend upon your way of dealing.
Being an FOB owner you should have sound interpersonal skills.
Interpersonal Skills
Agile Soft Skills
My focus is on quality completion of project in time so that we avail next projects sharply to ensure their survival.
I like the smart work efficiently.
I want to target the mindset of people in way that they want.
I always provide quick quality able service to customers.
Efficiency
Performance Excellence & Efficiency
Our focus on thriving based on quality.
Performance resides in excellence for us not in money.
Follow excellence money itself come.
Goals should be excellence and money is the buy product.
Excellence
Business growth require a lot efforts and hardworking.
Every day is a new struggle day in business for ensuring its growth.
When you put hard efforts then ultimately you deserve good amount of profit.
Devotion / Diligence
Profitability
I often oblige people for establishing relationships in long run.
We celebrate diversity based events to strengthen relationship with employees.
Relationship establish through fulfilling commitments and quality promises with all stakeholders.
Incentive are the source of strengthening relationship with all stakeholders.
Appreciation and care are the determinants of good relationship.
Relationship Quality
Relationship Proneness
Commitment is a source of establishing respect and recognition in a market.
I often obliged previous employees without considering performance SOPs.
My son wants to join business because he observes and feel respect in it.
I got a lot recognition in foreign and local market forums.
I always prefer to live with respect and dignity in business.
Respect & Recognition
Self-confidence is the key of successful businessmen.
I always take rational decisions itself and stand on it.
I possess a great deal of faith and believe on himself.
Confidence is the key to winning the battle of success in business.
My good decisions boost me up and gave lots of confidence.
Self-efficacy
I always handle customers with patience.
The gimmicks of success is passion to move ahead with patience.
Being an FOB owner, you must have patience because each business does not work whole year.
Patience is very essential in business & basic principle of business.
You have to deal with immense pressure sometime to handle it patience.
Patience

**4.1. Reputational Capital / Resources**

Reputational resources have become an idiosyncratic valuable resource for today's hypercompetitive business market. The family firms considered reputation as an inimitable resource due to the owning grand history (unique), firm identity, reputation, firm values, trustworthiness and inspirational stories anchored in the minds of all stakeholders (Blombäck, 2011; Krappe et al., 2011). All these characteristics make the business a brand and a potential source of firm sustainable performance. In today's volatile environment, where every stakeholder possesses multiple endless choices and novel information streams, firm reputation becomes the pertinent means of differentiation (Hulberg, 2006; Keller, 2008). It creates a unique combination and impression about the firm's rich history of commitments and product quality in the minds of all stakeholders (Anisimova, 2007). It supports stakeholder's in capturing worth able information that helps in the firm decision-making process (Lievens & Slaughter, 2016). Due to the emerging demand of brands in today's world, scholars and practitioners widely debated about the phenomenon of family firm branding (Pieper & Baldauf, 2013, cited in Binz et al., 2013; Tasman - Jones, 2015) which is also strongly linked with reputational resources. Family branding establishes based on firm reputational resources grounded on the combination of many factors, such as trustworthiness, rich family history, values, significant reputation and business identity (credibility), meeting deadlines (commitment) and inspiration etc. By analyzing the iterative responses of informants, a few of the themes under this aggregate dimension will be discussed as follows.

*4.1.1. Trustworthiness*

It can be defined as "How dependable are our words and deeds? It is the most central factor in the family business. For example, Informant 22 reported that "Trust is the central tenant of family businesses". In a family business, it establishes a sound relationship among all stakeholders (Beck, 2016). For example, as Informant 3 stated, ", "We rely in business on trust level relationships". Trust supports establishing strong customer orientation. For example, Informant 9 mentioned, "Our old customer prefers us due to trust". As Informant 21 stated that "You may find a low level of responsibility, but the factor of trust is always high in family businesses". Trustworthiness is considered the most significant operant resource in family business and the central notion of reputational resources revolves around it. It is important to understand that a stakeholder partnership is complex to establish where aligning of interest is the central source for developing stakeholder relationships. For establishing and maintaining a sound relationship, especially in family firms, some key operant resources play a significant role which must possess by family owner essential to develop stakeholder partnership (Butt et al., 2021). Although, firm's sustainable performance is a broader concept cover many sub-concepts and complex to develop stakeholder's partnership is one of the main themes that help in the development of the family firm's sustainability.

*4.1.2. Commitment*

Another most important determinant of reputational resources is commitment. It leads toward full-filling deadlines and promises to all stakeholders. For example, Informant 2 said, "Once I promised then I fulfilled it by no other choice". As Informant 4 stated that "Meeting deadlines is the pre-requisite factor of business". Full filling commitment is the source of converting future threats or failures into opportunities (Urde & Greyser, 2016). If you commit (ability), you can convert failures into success (threats into opportunities). As Informant 1 reported that "Your customer will give you double business due to your fairness in commitments". It establishes through many factors i.e. patience, history, quality-based relationships, positive WOM and trust ability etc. as Informant 4 stated, "In industry trust, deadlines meet up, preplanning, work with loyalty, past experiences and full-filling commitments matters a lot". The commitment was the most iterative theme inferred from family business owner interviews and it is the central source of establishing a reputation in family businesses (Higgins, 1977).

*4.1.3. Reputation*

Reputation refers to the public's long term overall evaluation of an organization's behavior established by the passage of time. It is the set of cumulated beliefs held by the stakeholders and agencies that the company cannot handle (Brown et al., 2006). For example, as Informant 8 reported that "Projects offer me on the basis of my father's previous goodwill in business". Informant 11 stated, "I established my business reputation and trust within one year due to my father's reputation in the market". Stakeholders can infer reputation from family ownership signals as Informant 18 signaled that "family ownership reputation always gives you a positive advantage in your business". Many factors determine reputation. For example, Informant 26 reported that fairness, transparency, commitments, trust-ability, good WOM and timely payments drive reputation".

*4.1.4. Credibility*

Credibility is linked with firm identity which "shows the mental alliance about the firm held by organizational members" (Brown et al., 2006). It addresses the question about who we are as a firm?" and indicates the firm features which internal stakeholders consider as enduring, distinctive about the organization (Zellweger et al., 2010). It can be considered as the essence of the firm. As informant 11 reported that "I always gain good edges due to my father's credibility in business" Credibility is the central differentiating feature to all internal and external stakeholders. For example, informant 11 stated that "your credibility is important for your internal and external customers". Several factors involved in its formation. For example, informant 21 reported that it "is based on fair dealing, good behavior, commitment and many sacrifices". There is no shortcut to establish it. Like informant 22 stated, "credibility never forms in days. You need to invest many years to establish it." Once it forms, it is tough to maintain in the long run. Credibility is the central theme of reputation.

*4.1.5. Inspiration*

Inspiration is the main intrinsic factor that drives business survival and success. It is a hidden force that urges inside but gradually rooted in dreams. In a family business, the main driving force of succession persuasion and sustainability is an inspiration. For example, informant 6 said, "This business inspiration awarded me toward my family". Informant 29 stated, "My first inspiration is to establish a good position in business and work for its advanced growth". So, in family businesses, inspiration acts as an intrinsic force to drive willingness to do any business which nurtures by the passage of time. Inspiration creates followership & learning ability that drives the striving power of reputation.

***Proposition 1(a)***. *In family firms, the stronger their reputational resources, their opportunities of catering profitability become sounder, which enhances firm sustainability.*

*4.1.6. Religious / Spiritual resources*

Religion is the core key determinant of any business, especially in Asian countries. The key factor of one's core values is the belief system called religion. Usually, the belief system is linked with religious values and synonymous with religious beliefs (Szocik, 2017). Religious values grounded on religious scripture provide strong insides about the set of beliefs (Djupe & Gwiasda, 2010). Religious values are the religious resources that are followed by the business community to develop a sustainable business model (Ryan & Deci, 2000). Religious resources promote feelings of self-esteem, optimism, positive behaviour, practices of fairness and transparency, honesty, loyalty and integrity and enhance humbleness and humility etc. factors that drive sustainability in a business (Rupp et al., 2011). Each religion provides some common business ethics principles, same as Islam. Islam always encourages fair and transparent principles of doing business. Each deal in business should be fair and transparent rooted in loyalty and honesty grounds. Each businessman should consider himself accountable in front of Almighty Allah. Being a business owner, each businessman possesses some religious resources which are essential to follow. The whole conception & mechanisms of the owner revolve around the principles of religion because Islam provides the full road-map to all businesses. Some of the themes that emerged under this aggregated dimension are mentioned below.

*4.1.7. Transparency and fairness*

Transparency and fairness are the fundamental principle of all business belonging to any religion. The basic fundamental of every business is based on fair dealing among parties. All exchanges should be transparent and clear among parties. Transparency and fairness are sources of reducing stress. When you are fair in dealings, it ultimately reduces stress and strengthens relationships. The most recurring theme of this research is transparency and fairness. Most family firms consider it as the core value of the business. , informant 11 stated, "Parties will give you double business due to your fairness and commitments". It is a source of aligning stakeholder's interest. As informant 23 stated, "Fair trade is the central key of aligning interest among all stakeholders". Informant 14 said that "People always appreciate fairness and transparency". As informant 9 claimed that "Your fairness in business opens accounts in the heart of people". However, in the light of the informant's responses, transparency & fairness is the core-operant resource of a FOB owner.

*4.1.8. Belief system*

Another strong religious resource is the belief system. It is the most significant and strong determinant of FOB Owner resources. It is a source of satisfaction for humans. Everyone follows some set of beliefs toward God. The belief system strongly links with religiosity and the reason for success and relief stress. For example, informant 12 reported, "My business expands due to the endless blessings of Almighty Allah". Everyone has some set of beliefs which they follow and improve over time. As informant

8 stated that "I believe that whatever written in fate always reaches to you". It acts as an inner driving force. As informant 11 said, "I relieve stress through parent's prayers and my belief system matters a lot". It links with individual religious resources.

*4.1.9. Humbleness and humility*
Another important resource possessed by the family owner is humbleness and humility. Most of them work for charitable purposes through CSR practices. Like informant 6 spotted that "I am working for humanity welfare". Humbleness element is very important in business. As informant 9 declared, "My father taught me everything so I prefer to work with my own hands rather than to order others".

*4.1.10. Honesty, loyalty and integrity*
Another core competency of each business is honesty, loyalty and integrity. Many owners consider them as values of the business and the source of long-term market survival. For example, informant 8 stated, "Work with honesty, do not be dishonest with anyone". It establishes a reputation in the business as informant 11 reported that "My reputation is based on honesty". It is the characteristic of a person and key factors of success. Informant 29 reported that "Honesty and integrity are the key success factors of our business model". Those businesses that do not follow honesty cannot survive in the long run, so it is an essential religious resource that must possess by the family firm owner and is the reason for business sustainability.

***Proposition 1(b)**. In family firms, the stronger their religious resources, their opportunities of catering profitability become sounder, which enhances firm sustainability.*

**4.2. Agile soft skills**
*4.2.1. Interpersonal skills*
Communication has the importance of backbone in any business. For developing and maintaining long term relationships with all stakeholders, communication plays a pivotal role in it. Communication is the part of interpersonal skills which is essential for all businesses in any sector. The most significant skills possessed by every family owner are interpersonal skills. It is a source of establishing a sound reputation in the market. For example, informant 11 reported, "Good communication and soft skills are essential for developing a strong reputation". Interpersonal skills help in dealing. As informant 13 stated, " Business depends upon your way of dealing" and "Being a FOB owner, you should have sound interpersonal skills". It is an agile resource that every owner every owner must possess to enhance business. It is a way of developing collaboration among all stakeholders that drive sound relationships among them.

***Proposition 1(c)**. In family firms, the stronger their agile soft skills, their opportunities of catering profitability become sounder, which enhances firm sustainability.*

**4.3. Performance excellence and efficiency skills**
The phenomenon of performance excellence and efficiency skill varies in the context of each firm. It is a wider construct, and each firm has its indicators to determine performance excellence and efficiency. Some of the firms consider quality in relationships, satisfaction, customer orientation, business model innovation, profitable increment; efficient services and the firm's sustainable performance etc. are sound indicators of excellence. In this research, informants emphasize systematic thinking patterns, work efficiency and goals attainment and thriving with quality are the pertinent indicators of performance excellence and efficiency in family firms.

*4.3.1. Efficiency*
The theme of efficiency is also broad and covers many factors. Everyone explains efficiency in their own way. It is a subjective nature phenomenon that varies based on firm nature and respondents. Some informants respond that timely and quality completion of projects is the source of efficiency. Such as informant 4 reported that "My focus is on quality completion of the project in time so that we can avail the next project sharply to ensure firm survival". Informant 17 claimed that "I like the smart work efficiently. Efficiency can be enhanced by studying the mindset of customers in business and providing products accordingly. For example, as informant 17 stated that "I want to target the mindset of people in the way that they want "providing quality services is another source of determining efficiency. As informant 22 stated that "I always provide quick quality service to customers".

*4.3.2. Excellence*
Many firm owners consider excellence attainment as the best performance indicator. Again, excellence resides in many other concepts. For example, as informant 3 stated "Our focus on thriving based on quality (products, process and relationships). "Performance resides in excellence for us, not in the money". As informant 8 stated, "Goals should be excellence and money is the buy product".

*4.3.3. Devotion / Diligence*
Each business requires a lot of efforts and hard work to reach a tipping point. A successful journey holds many hidden secrets of hardships and sacrifices in business. Each family owner believes that "Every day is a new struggle for ensuring its growth". Hard work is the key to earning a solid profit. As informant 13 reported, "When you put hard efforts then ultimately you deserve a good amount of profit" and informant 26 stated, "If your homework complete then nothing can defeat you". So, being an FOB owner, work is the pre-requisite resource that ensures firm survival in the long run.

***Proposition 1(d)**. In family firms, the stronger their performance excellence & efficiency, their opportunities of catering profitability become sounder, enhancing firm sustainability.*

**4.4. Relationship proneness**
Relationship proneness is important in establishing long term sound relationships among all stakeholders. In businesses, the nature of the relationship varies with all stakeholders due to work based on the nature of businesses. Each organization requires high-quality networking-based relationships with all stakeholders to deal with dramatic changes that happen in the business world continuously. Especially in family firms the roots of relationships linked with ancestors & their preceding/present owners are always curious & caring about their relationships with all stakeholders due to protecting the firm as the brand. They handle relationships with much care. FOB owners always strive to seek & give respect and recognition to others. Handle challenges and crisis phases with immense patience and always strive to establish quality able relationships with others. By analyzing the informant's responses, a few of the themes under this aggregate dimension will be discussed as follows.

*4.4.1. Relationship quality*
The high-quality relationship is the pre-requisite operant resource for family firms. Relationship quality enhances resource management and improves firm performance outcomes (Varki & Rust, 1998). Better relationship quality supports knowledge sharing and enhances the adaptability and flexibility of the firm. The organization needs high-quality relationships with their network partners (all stakeholders) to collaborate to co-create value. Relationship quality is a higher-order resource and based on many other resources (constructs). The relational dimension of social capital depicts behavioral attitudes and norms and the reliable relationship based on a person's or group's motivations and willingness (Adler & Kwon, 2002). In many firms, managers and employees reduce stress by showing an honest and trustworthy relationship (Castro & Roldan, 2013). For example, informant 6 said, "I establish a relationship by convincing parties on transparent and fair dealings". Long-term relationships establish based on appreciation and acknowledgement of significant contributions. Such as informant 19 stated that "Appreciation and care are the determinants of good & sound relationships.
Additionally, family businesses are grounded on the long-term inherited relationship with all stakeholders. Therefore, relationship proneness is the pre-requisite factor in the growth of family firms. As informant 11 stated, "I always oblige people for establishing relationships in long run". For this, they celebrate diversity-based events. As informant 6 reported that "We celebrate diversity-based events to strengthen the relationships with employees "Relationships strengthen through full filling promises. As informant 18 claimed, "Relationship establishes through full-filling commitments and quality promises with all stakeholders". Furthermore, "Punctuality and politeness are the sources of developing long-lasting relationships in the family business". Informant 22 said.

*4.4.2. Respect and recognition*
To establish any relationship, respect and recognition are the pre-requisite factors of relationship quality. No relationship can succeed in the long run if respect and recognition are not intricate. In the family firms, respect and recognition are the core value of enterprises. In business, many stakeholders involved in it and their soundness of relationship is based upon respect and recognition in long run. It further based on many other factors such as informant 9 reported that "Full-filling timely commitment is the source of establishing respect and recognition in the market". Following SOPs and fair dealing in business drives respect in the industry. Informant 11 stated, "I always prefer to live with respect and dignity in business". Hence, respect & recognition establish over time & the pertinent useful operant resource of establishing the business in the long run.

*4.4.3. Self-efficacy*
Self-efficacy is the belief of an individual in his/her capacity to execute productive behaviors that cater to performance attainments (Bandura, 1977). It reflects the confidence level of an individual in yourself. It also comes under the umbrella of the operant resource of a person (owner). It increases over time due to knowledge and experience. For example, informant 12

stated, ", "I possess a great deal of faith and believe in himself". It is a source of winning the battle of business completion. Informant 29 indicated, "Confidence is the key to winning the battle of business success". It increases and strengthens over time. As informant 17 reported that "My good decisions boost me up and gave lots of confidence". It is a power of behavior that boost up gradually. As informant 19 stated that "I always take rational decisions itself and stand on it". Self-efficacy is the dynamic capability and operant resource of an individual in which he/she controls own behavior and emotions, which helps to establish long-term relationships with all stakeholders that drive firm profitable configuration.

*4.4.4. Patience*

Another pertinent determinant of relationship quality is patience. It is very essential in business and for dealing with all stakeholders. It is an operant resource of a FOB owner to handle all situations with patience. As informant 12 stated that "I always handle customers with patience". It is essential for business long-run survival and sustainability. As informant 8 stated, "Being a FOB owner, you must have patience because each business does not work the whole year". Especially at the time of pressure and stress, it is the most useful operant resource which must possess by a family business owner. As informant 29 stated that "You have to deal with immense pressure sometimes to handle things with patience". Dealing with immense pressure with patience is the key to firm long-term survival and sound relationships.

***Proposition 1(e)**. In family firms, the stronger their relationship proneness, the more their opportunities of catering profitability become sounder, enhancing firm sustainability.*

## 5. Discussion and Concluding Remarks

In each era, resources often remain popular in driving firm competitive position. Due to environmental dynamism, resource pertinence evolves overtime (Maiti et al., 2020). Initially, land, labor and capital were scrutinized as effective firm resources (Porter, 1981). By the evolution of time, most researchers introduced the categorize of resources. Further categorize of resources were physical (technology, plant and raw material, etc.), human capital (training and experiences, etc.) and organizational capital resources (firm structures) (Podra et al., 2020; Williamson, 1975). The decade of the 1990s was considered an influential span of resources compared to other decades. Several famous researchers paid pivotal attention toward resources as weapons for driving firm effective performance (Podra et al., 2020). Very famous perspective of resources propounds by Barney (1991), which is considered the fundamental premises in the domain of resources. RBV categorizes resources into tangible and intangible extent that encourage the heterogeneous nature of resources grounded on VRIN attributes (Maiti et al., 2020). These VRIN attributes having valuable, rare, imitable non-substantial resources on especially intangible resources (Peteraf, 1993). These unique elements of resources support firms to secure sustainable positions (Bingham & Eisenhardt, 2008). Another view known as knowledge-based view emphasizes the importance of intangible resources (skills, knowledge and abilities) as a sound determinant of firm competitiveness (Della Corte et al., 2013). Furthermore, R-A classifies resources into basic and higher-order categories (Hunt & Morgan, 1995). Then, Vargo and Lusch (2004) proposed service dominant (S-D) logic grounded on the domain of RBV and R-A theory by tagging resources as operand (tangible) and operant (intangible) (Vargo & Lusch 2008). S-D logic encourages the central dominant role of operant resources upon operand resources as a driver of value creation in fourth foundational premises (Vargo & Lusch, 2010). Previous research indicated the pertinent role of customer and firm operant resources embedded with operand resources determined as a source of superior firm performance (Madhavaram & Hunt, 2008). Therefore, the categorization of operant resources is the less explored area in past studies. This research highlighted the gap by indicating the role that other actors may support in enhancing firm performance. Thus, the current study is conducted to fill this niche (gap) by surfacing the concealed role of agile operant resources that supports to sustainable development.

Previous firms determined the growth of the firms in terms of firm capacity to generate profit (Teece, 2018). Profitability has always remained the key focus of every enterprise in each era, but their mechanisms and paths have changed due to the complexity in the business world (Chen & Lees, 2018). Organizations strive to earn profit through firm downsizing, business re-engineering, mergers, acquisitions, strengthening stakeholder relationships and innovating business model etc. (Pattanayak, 2020). Organizations often practiced some initiatives for lowering cost in terms of partial privatization, six sigmas', cost analysis, team building, outsourcing, value-added economy, contractual employees and variable pay with the focal attention of catering profit (Chen & Lees, 2018). While adopting each strategy, the role of resources always remains pertinent, especially intangible/operant resources (Vafeas & Hughes, 2020). Efficient utilization of intangible resources always makes viable tangible/operand resources. These agile operant/intangible resources support the firm to cater sustainable competitive advantage (Vafeas & Hughes, 2020). Same as the operant resources of FOB owners supports to drive firm profitability. This research aims to explore agile operant resources that support profitability. These resources are reputational, religious resources, agile skill sets, performance excellence and efficiency, etc.

***Proposition 1***. *In family firms, the stronger their operant resources their opportunities of catering profitability become sounder that enhances firm sustainability.*

Current study research question emphasizes exploring the agile operant resources of FOB owners that drive profitability. In each era, Firm growth has always been measured in terms of profitability. Over time, it continuously remains the core business issue but its path of determination remains changed. Resources always play a pertinent role in earning profitability especially intangible/operant resources that create firm value which drives the firm's sustainable performance. The focus of each firm is to maximize profitability. The same as the family firm's central goal is to gain profit by using all pertinent resources. Family firms are famous for using operant resources especially ancestor's reputation & credibility which play a significant role in firm profitability. Limited literature was available on FOB owner's operant resources that support in determination of firm profitability. This study addressed this discrepancy/gap through interviews of FOB owners. However, it is inferred that reputational resources, religious resources, agile soft skills, relationship proneness and performance excellence and efficiency drive the family firms towards profitability, which smoothens the firm's sustainable development in today's competitive market.

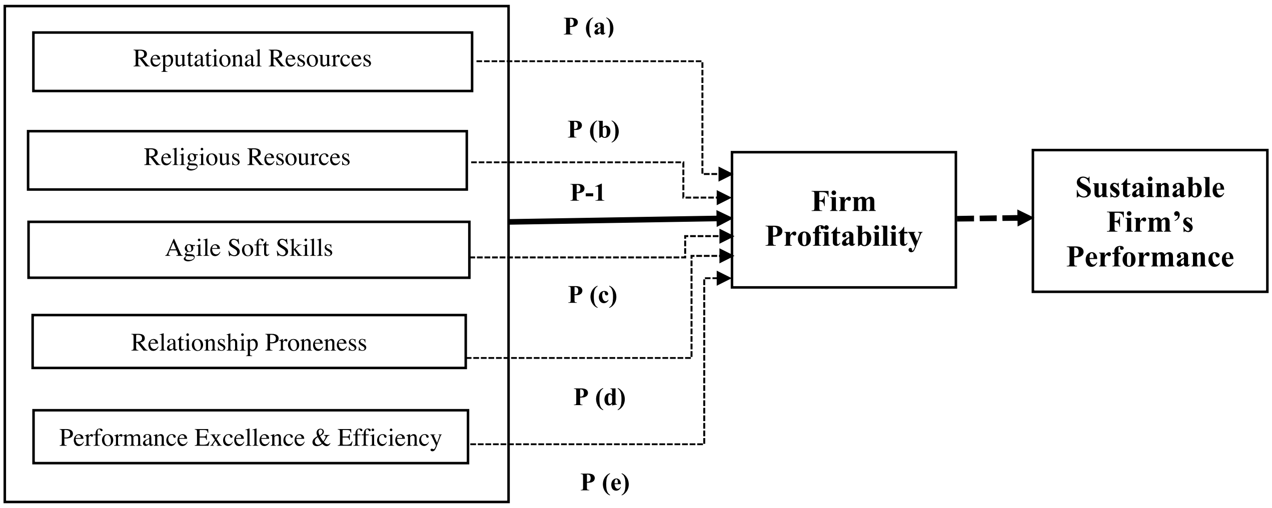
## 6. Theoretical Contributions

Competing in a volatile business world has become the foremost challenge foreach firm. For this, firms striving hard to establish a sustainable position in the market. Family firms are famous for establishing sustainable positions within the market due to their ancestors' sound, rich history. Historical evolution significantly impacts family firm performance and guides to handle the dynamic challenges raised toward the environment. Each generation possesses some pertinent resources, especially operant ones, which transformed through forebears. These operant resources enable FOB owners to handle environmental challenges bravely by catering novel profitable pathways. A large number of family firms competing in diversified sectors and earning ample amount of money. Besides this, family owners employed some operant resources for scanning favorable pertinent niches. Based on informant responses, FOB owners utilize reputational resources, religious resources, agile soft skills, performance efficiency and excellence and relationship proneness to ensure family firm's sustainable performance. In the base of findings and discussion, current research propounds a conceptual framework in below Figure 3 portraying the important role of agile operant resources in catering profitability. It is deduced that the family firm's sustainability around having zestful characteristics mentioned below Figure 3. The current study proposed in the framework indicates the theoretical contribution that was revealed from our current investigation. Study advanced the theory by strengthening the ground reality of the phenomenon (profitability) with distinct subjective insights. For academics, study proposed conceptual framework enclosed with data that adds value in theory development. This research and its emerging categories motivate academicians to explore the role of other actors' operant resources in FOBs and other firms. The proposed framework can be utilized for future empirical investigation.

## 7. Managerial Implications

Current research remains beneficial for practitioners, mainly FOB owners, because each firm striving hard to cater to sustainable positions in a dynamic business world. Current study proposed an applicable framework for FOBs working in Asian countries through providing new avenues for firm sustainable development by highlighting the pertinent viable role of agile operant resources. It opens new doors of growth, innovation and progress for FOBs by confirming the pivotal role of individual FOB owner-operant resources. Practical experiences always serve as the foundational tool of learning new spirals of knowledge that facilitate the corporate sector to compete better. Managers can polish these highlighted agile operant resources which encourage the new roads of firm profitability. Each FOB can adopt and nurture these resources to ensure firm sustainability in today's volatile business market.

**Figure 2.** Conceptual framework of firm's sustainable performance




## 8. Limitations and Future Avenues

Current research has several limitations, the data collection phase is restricted among interviews and other sources. Furthermore, data can be gathered through other sources or triangulation methods. Highlighted emerging themes of this study can be investigated through empirical investigation method. Study is restricted to family firms. In future, non-family firms can be considered for study. Study is limited to 28 males and 2 females. In-future more females can be considered for interviews or female focus study can be conducted. This research studied the profitability phenomenon as the source of sustainable performance in future other phenomenon can be studied for sustainable performance. Qualitative research can be conducted in other sectors by studying the same phenomena.

Furthermore, future research may be conducted in other European countries. This study is limited to family firms in Pakistan. Future studies may focus on all types of firms, not only family-owned ones. They can also do a comparison of FOBs and other firms; Do FOBs have an edge due to existing agile operant resources that are trickled down as a heritage. This conceptual model can be tested through empirical data. This study has only focused on the ambit of FOBs in Pakistan and it can be studied on a broader platform i.e. across Asia or world-wide. Culture & sub-culture dimensions can be considered for the study when we increase the range of the research.

## Acknowledgement

The authors are grateful to the journal's anonymous referees for their extremely useful suggestions to improve the quality of this article. Usual disclaimers apply.

## Declaration of conflicting interests

The authors declared no potential conflicts of interest concerning the research, authorship and/or publication of this article.

## Funding

The authors received no financial support for this article's research, authorship and/or publication.

## Ethical statement

The authors confirm that data collection for the research was conducted anonymously and there was no possibility of identifying the participants.

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European Journal of Family Business (2023) 13, 220-233

uma editorial

EUROPEAN JOURNAL OF FAMILY BUSINESS

http://www.revistas.uma.es/index.php/ejfb

# Management Competencies and Their Relationship with Organizational Performance in Small and Medium-Sized Family Businesses

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Research article. Received: 2023-04-17; accepted: 2023-12-11

**JEL CODE**
M100

**KEYWORDS**
Management skills, Organizational performance, Family businesses, SMEs

**Abstract** The objective of the research is to analyze the relationship between managers' competencies and their businesses performance. The study was approached from the quantitative paradigm, applying a questionnaire to 114 managers of small and medium-sized family businesses, located in the states of Tamaulipas and San Luis Potosí, Mexico. The results shared show, in the context of a family business, the relationship between the study variables, which allows providing knowledge in the family businesses management, which are important economic units in this country, as sources of employment generation. The structural equations technique was applied in the validation of the research hypotheses. It is inferred that only intrategic and personal effectiveness competencies are positively related to organizational performance, with no positive relationship between strategic competencies and organizational performance.

**CÓDIGO JEL**
M100

**PALABRAS CLAVE**
Competencias directivas, Desempeño empresarial, Empresas familiares

**Las competencias directivas y su relación con el desempeño en las pequeñas y medianas empresas familiares**

**Resumen** La presente investigación tiene como objetivo analizar la relación existente entre las competencias de los directivos con el desempeño de sus negocios. Para ello se abordó el estudio desde el enfoque cuantitativo, aplicando un cuestionario estructurado a 114 empresarios de pequeñas y medianas empresas familiares de los estados de Tamaulipas y San Luis Potosí, México; este trabajo comparte los resultados del piloto del cuestionario para explorar su construcción al contexto empresarial de las empresas familiares. Se aplicó la técnica de ecuaciones estructurales para la validez de constructos y de las hipótesis de investigación. Se infiere que no todas las competencias de los gerentes están relacionadas con los resultados empresariales.

https://doi.org/10.24310/ejfb.13.2.2023.16616

**Author contribution**: The authors contributed equally to the work



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## 1. Introduction

The National Institute of Statistics and Geography (INEGI), in the 2020 census carried out on business demographics, indicates that family businesses in Mexico represent 90% of the economic units and contribute to 85% of the Gross Domestic Product. Likewise, in a study carried out by San Martín and Durán (2017) through the Family Business Research Network in Mexico (RIEF), they mention that of the total family businesses, 57% are microbusinesses, 29% are small and 11% are medium; 39% have been in the market for more than 20 years; 71% do not have a strategic plan, 69% of their sales is regional; 55% have entered new markets during the last three years; 77.41% have a male CEO; 66% are first generation businesses; 67% do not have a training plan; 55% have university training; 73% do not have a succession plan.

Despite their importance and research carried out on business performance among family businesses, they have unique problems whose origin is found in the interdependence between two systems: the family and the company (Basco, 2005). As Soto (2013) mentions, family businesses are a fundamental part of the productive structures of both industrialized and developing economies; they are important entities in countries' economic growth (Samsami & Schott, 2021). While family businesses face the same challenges as non-family businesses, Davis (2006) asserts that these economic units can be some of the boldest and most professional in the world, when families at the helm do things right. For Molina et al. (2017), family businesses have common characteristics: they are normally managed by their owners, they tend to have ownership concentrated in the hands of one or several families and to generate interference from the family in decision-making. Family businesses take personnel training, strategic planning, and management skills as competitiveness factors (Garcia & Duréndez, 2007).

On the other hand, Vera-Muñoz et al. (2019) mention that family businesses that manage to remain in the market has been due to their ability to achieve a structural coupling between the family and business systems and the environment; pairing the operations and structures of each system, generating responses to the irritations that each system produces in the other. Likewise, the long-term orientation of some family businesses leads them to develop resilient core competencies in dimensions such as innovation and quality, which allows them to instill customer loyalty (Le Breton-Miller & Miller 2022). Sanchez-Famoso et al. (2015) mention that innovation is essential for family businesses in the current competitive environment; while Taçoğlu, Ceylan and Kazançoğlu (2019) mention that SME owners and managers have begun to focus on family business competencies and human resource management, particularly attracting valuable employees to the organization and turning them into a competitive advantage.

Within micro, small and medium-sized enterprises (MSMEs) are family businesses, although the literature addresses MSMEs and family businesses and their relationship with business performance or competitiveness, this analysis is done separately. Given the importance of both SMEs and family businesses and their relationship with business performance, the literature can address SMEs and family businesses separately. However, it should be mentioned that this study addresses these economic units as a whole (small and medium-sized family businesses) as the object of study.

Therefore, small and medium-sized family businesses are the exploratory context to understand the directive or managerial competencies related to their performance. The interest of this work is established in the central objective of analyzing the relationship of these variables in these economic units due to their relevance in the economic development of the countries (Samsami & Schott, 2021), which have established their economic activity in the States of San Luis Potosí and Tamaulipas. It is intended to categorize managerial competencies through exploratory factor analysis (EFA) and confirmatory factor analysis (CFA); while in order to validate the research hypotheses, the structural equation modeling (SEM) was used.

This work makes a considerate, important contribution by trying to provide empirical evidence on whether management skills have a positive impact on small and medium-sized family businesses performance through the theoretical model proposed in this work. Although not all hypotheses are accepted, there is evidence of the positive relationship between intrategic and personal management competencies towards organizational performance.

The findings of the study allow us to explore and provide empirical data from this point in both states. Likewise, they are useful to small and medium-sized family businesses and allow us to reflect based on the information provided, to establish strategies that strengthen the development of skills in the profile of the appropriate administrator and thus design the lines of action aimed at improving performance within their organizations and therefore their competitiveness in the market or industry where they participate. Although the scope is limited only to small and medium-sized family businesses, paths are opening up for more in-depth research that allows the inclusion of appropriate strategies and measures for better organizational performance within this type of business.

## 2. Literature Review

Family businesses have been the subject of numerous studies in recent years due to their capacity to generate employment, as well as their essential role in the process of wealth creation, playing a central role in the economic development of countries (Samsami & Schott, 2021). For Sanchez-Famoso et al. (2015) family businesses are heterogeneous organizations and as such they behave differently. Núñez-Cacho et al. (2012a) mention that performance in family businesses must be measured through two dimensions that include business indicators (growth, employee and financial performance) and indicators of family nature. Likewise, indicators such as return on assets, return on investment, profitability or productivity must be included, indicators that in turn are taken into account by various authors such as Matus (2018), Camisón et al. (2007), Hamann et al. (2013), Crook et al. (2005) to measure performance within organizations.

It is estimated in this work that the skills or competencies of those who manage these economic units represent an important factor in organizational performance and therefore in the survival or longevity of family businesses. This can be explained by the resilience capacity that from the point of view in this study, it is assumed to be a product of the administrator or manager capabilities (García & Duréndez, 2007; Schulze & Bövers, 2022).

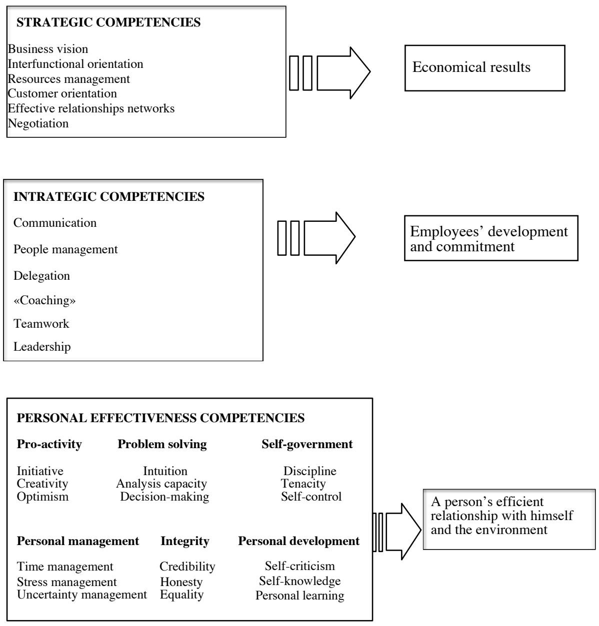
Furthermore, it should be emphasized that, in various contexts, human capital, an intangible asset in organizations, which tends to represent the knowledge, skills and attitudes of people, has been related to factors associated to organizations' performance (García & Duréndez, 2007; Pedraza & De la Gala, 2022; Pedraza et al., 2021). Therefore, it is important to analyze the managerial or directive competencies in these companies due to their important contribution to the economic activity of a nation. Thus, when analyzing theoretical perspectives on the competencies of human capital at the managerial or executive level in companies, indicators or traits are undoubtedly identified that refer to the person's necessary capabilities to achieve economic results, through the creation of work environments that favor the workforce commitment (García-Lombardía et al., 2001).

### 2.1. Management skills

The change towards a managerial competency model implies a proactive learning style where decision makers and their staff adopt responses in line with the dynamics of reality. In this way, the organization is oriented towards developing the individuals' potential to learn how to learn, to develop new knowledge that guides them towards performance that can be more satisfactory and beneficial (Hernández-Barrera et al., 2016).

Competencies represent the set of knowledge, abilities, skills and attitudes, which in the words of García-Lombardía et al. (2001), managerial competencies (MC) refer to observable and permanent behaviors that facilitate a person's success when executing their managerial roles or functions at the head of their organizations. Thus, based on García-Lombardía et al. (2001), MCs are classified into three categories: strategic, intrategic and personal effectiveness (figure 1), this classification being the basis of the model of managerial competencies in the present research.

**Figure 1.** Main managerial competencies




Source: García-Lombardía et al. (2001)

Strategic competencies are estimated to involve capabilities related to giving focus or vision to the business, enabling the systemic and interfunctional interaction of organizational processes, the effective management of organizational resources, focused orientation towards customers, the administration of relational capital as well as the effectiveness in negotiation processes, which are considered necessary to obtain the companies economic results (García-Lombardía et al., 2001).

While intrategic competencies are capabilities aimed at managing human capital in organizations, focused on increasing employees' motivation and commitment with their economic entities; while management competencies or personal effectiveness are skills focused specifically on the individual, that is, on the manager himself, which gives him the ability to self-manage his abilities, time, emotions, for the sake of his personal effectiveness and the business (García-Lombardía et al., 2001).

The literature consulted shows (table 1) perspectives that expose the typologies of competencies or management skills (MC), which address various dimensions to measure these competencies within organizations. This construct in general refers to technical, operational, managerial, leadership, management and globalization skills of managers or administrators in business.

**Table 1.** Analysis of empirical MC identification studies

| Operational definition | Authors |
|---|---|
| Instrument with 36 items divided into five dimensions: general managerial skills, leadership, stress linked to work, teamwork, emotional intelligence. 5-point Likert scale. | Quiroz et al. (2019) |
| Instrument with 31 items divided into three dimensions. 1.- Technical skills, personal treatment skills, conceptual skills. 5-point Likert scale. | Carhuancho et al. (2019) |
| Instrument with 52 items divided into 3 dimensions: technical and functional competencies, personal competencies, administrative and management competencies. 5-point Likert scale. | Gutiérrez-Macías and Córdova-Ruiz (2020) |
| Instrument with 66 items divided into 5 dimensions: Operational and management, strategic administration, strategic planning, vision of globalization, human resources. 7-point Likert scale | Leyva-Carreras et al. (2017) |
| Instrument with 34 items divided into 6 dimensions: administrative process, stress management, problem solving, motivation, leadership, innovation. | Paredes et al. (2017) |
| Instrument with 22 items divided into three dimensions: personal level, social level, management level | Pereda et al. (2014) |

Source: Author's elaboration based on the bibliography consulted

As can be seen, there are various concepts and indicators that can be presented in relation to the definition of managerial competence, however, for this work it has been decided to apply the theoretical proposal of García-Lombardía et al. (2001), so the second study variable in this work that is related to business performance is presented below.

### 2.2 Organizational performance

The literature shows us various concepts about organizational performance and its forms of measurement, which are presented in Table 2.

**Table 2.** Dimensions of organizational performance

| Authors | Dimensions | Description |
|---|---|---|
| Bhargava and Sinha (1992) | 4-component analysis | Measures performance through productivity, commitment, leadership and interpersonal conflicts |
| Crook et al. (2005) | Accounting returns | Refers to historical accounting results. |
| | Stock market performance | Contemplates the future performance of organizations through investors. |
| | Growth | Describes the change in the size of the organization over time. |
| Camisón et al. (2007) | Business' results | Through three indicators on economic, financial and sales profitability. |
| | Performance in the stock market | It is valued based on three representative indicators of sales growth, market share gain and wealth creation – market value/book value. |
| | Stakeholders satisfaction | It is based on customer and employee satisfaction. |

| Authors | Dimensions | Description |
|---|---|---|
| Richard et al. (2009) | Interest groups | It is related to customers, managers, suppliers, employees, shareholders, government and non-governmental organizations own goals to distribute the added value. |
| | Heterogeneity: resources, the environment and strategy choice | It is related to the heterogeneous resources and capabilities that must be managed. |
| | Measurement period and performance persistence | The adoption of short- and medium-term measures can be highly biased by random fluctuations. |
| Hamann et al. (2013) | Cash flow | It integrates the return of cash flow per employee, in sales, in assets and in market value, and growth in cash flow. |
| | Profitability | Includes return per employee, in sales, in assets and market value, and revenue growth. |
| | Growth | Includes employee growth, sales growth, asset growth, cash flow growth, and revenue growth. |
| | Performance in the stock market | It assumes that the total return of investors, Sharpe ratio, Jensen's alpha, Treynor ratio, Tobin's Q, return on cash flow at market value and return on market value. |
| Matus (2018) | Financial and operational performance | Integrates strategies, structures, economic objectives and non-financial indicators, effectiveness, effectiveness, financial results, employee satisfaction, growth, sales, market segment, new products, profitability and operating income as measurement elements |

Source: Barradas et al. (2021)

*2.2.1. Management competencies and organizational performance as part of business competitiveness*

As mentioned previously, managerial competencies refer to the skills or attributes that managers have at the head of an organization, which according to the reviewed literature are measured through economic results, the development and commitment of employees and competencies related to personal effectiveness. Now, organizational performance is measured through the achievement of objectives set by companies, which is related to quantitative factors (accounting and financial results) and qualitative results (customer satisfaction, market participation, organizational resilience capacity, organizational commitment, leadership). Likewise, talking about organizational performance is referring to internal sources of competitiveness since authors such as Mora-Riapira et al. (2015) point out that although business competitiveness is associated with what happens outside the organization (government policies, economic structure of the country, market characteristics, regional variables), depends closely on the internal performance of the same entity, and in this sense precisely this work establishes the objective of analyzing the relationship of management competencies with each organization performance.

Martínez Santa María et al. (2010) mention that managerial resources constitute a group whose great relevance in the generation and maintenance of business success has been highlighted by numerous authors; considering that they are the only ones who have the ability to understand, describe and evaluate the potential for generating economic performance of the company's resource endowment.

That is, given that managerial competencies or capabilities refer to the skills that a manager has which are reflected in the results obtained, organizational performance refers to the internal competitiveness that a company has, which is linked not only to management capabilities, but also marketing, innovation (Sanchez-Famoso et al., 2019) and quality capabilities as mentioned by Martínez Santa María et al. (2010). Therefore, companies that manage to have good internal performance or internal competitiveness can adapt to the consequent changes in the market and have external competitiveness.

For Arias (2022) competitiveness is fundamental for the growth of the economic sectors of a country, and its analysis and evaluation must begin at the microeconomic level, that is, from within the organizations and contemplates business management which encompasses the process of planning, directing and controlling economic, material and human resources in order to obtain the expected results. In today's economy, a company that survives will be the one that can develop, produce, and deliver products and services to customers faster than its competitors (Miranda-Torrez, 2021). In this way and according to the information presented previously, the following research hypotheses are proposed:

**Hypothesis 1.** *Strategic competencies are positively related to the organizational performance of small and medium-sized family businesses.*

**Hypothesis 2.** *Intrategic competencies are positively related to the organizational performance of small and medium-sized family businesses.*

**Hypothesis 3**. *Personal effectiveness competencies are positively related to the organizational performance of small and medium-sized family businesses.*

## 3. Methodology

The objective of the study is to explore the relationship between management competencies and organizational performance in the context of small and medium-sized family businesses. This topic of analysis is of interest in academia, because the generation of knowledge in this type of economic entities is relevant to contribute to their development, survival and growth, due to the importance in the generation of employment, productivity and economic development of countries (Samsami & Schott, 2021). Above all, because various studies refer to the contribution of human capital to organizations performance, and when talking about managerial competencies it is invariably related to people's capabilities, abilities, skills and attitudes to perform for the sake of achieving the organizations objectives and goals (Pedraza & De la Gala, 2022; Pedraza et al., 2021).

To achieve this goal, this research was designed from the quantitative paradigm, with a non-experimental and explanatory scope (Hernández et al., 2014). The contribution of this work is considered essential, since organizations are immersed in environments of complexity and dynamism that prevail in the markets where their operations are present. This entails the need to generate and contribute to the knowledge of those intangible resources that are identified as management competencies, a variable that is considered relevant for the management and survival of family businesses through the achievement of organizational results that allow them to face the challenges of constant change and the complex contexts of the industries (Flores-Marin & Vanoni, 2016).

To collect information in the study units, a questionnaire was applied. This instrument was developed considering the studies by García-Lombardía et al. (2001) as a reference framework. To measure managerial competencies (strategic competencies, intrategic competencies and personal effectiveness competencies), in terms of the operationalization of organizational performance (DES), the Shu-Mei and Pei-Shan (2014) approach was taken as a basis, who emphasize assess indicators related to the achievement of organizational objectives as a result of the effectiveness of human capital in companies and not so much the predominance of the financial perspective for its measurement, especially due to the implications that in the region where the companies are located there is limited culture to provide hard data on their business finances.

The questionnaire was made up of three sections. For example, the general data section, which was established to collect information on variables such as education, gender, business sector, state, number of employees, among other data related to the respondents and their organizations, the other two sections presented the items on a 7-point Likert-type scale, in order to measure the managerial competencies and performance of the organizations studied. To proceed with the application of the questionnaire, the internet was used. The form was sent by email to companies' accounts with available data in the national directory of economic units (DENUE), managing to integrate a non-probabilistic sample of 114 respondents who responded to the instrument, specifying that since it is a non-probabilistic sample, there is the implication of the generalization of the results from a statistical perspective. However, the study findings allow us to explore and provide empirical data from this limitation in both states.

The official email accounts available in the INEGI reports (institute responsible in this country for the generation of statistical information on companies) were used, since it is the official organization that generates and disseminates information on economic units in Mexico. To initially assess the reliability and consistency of the questionnaire, EFA was applied and the reliability indicator was determined with Cronbach's alpha (Avecillas & Lozano, 2016; Frias-Navarro, 2020). The EFA allows generating factors tha' bring together similar indicators or traits, making it a convenient statistical technique to reduce a large number of variables, where the correlation matrix is considered convenient for applicaton when the KMO is equal to or greater than 0.70 and in the case of reliability, when values greater than 0.70 are determined (table 3).

Subsequently, to validate the underlying structure of each latent variable that was identified with the EFA, the CFA was applied using the Smart PLS software (Hair et al., 2014). In this phase, the measurement model was assessed prior to the evaluation of the research hypotheses. In this phase (CFA) the criteria of internal consistency (Cronbach's alpha and composite reliability), convergent validity (average variance extracted) and discriminant validity (Fornell Larcker) were studied. The decision is based on the interpretation of each of these criteria based on the parameters established in table 4.

In order to validate the research hypotheses, the SEM was used, studying the prediction of the SEM model, the coefficient of determination ($R^2$) was considered (Hair et al., 2014; Martínez & Fierro, 2018; Ruíz et al., 2010) considering in the interpretation of the results the criteria documented in table 3, reviewing the significance value of the statistic (t=1.96) at 95% confidence, so as not to reject the research hypotheses. It should be noted that SEM modeling with variance structure using the Smart PLS software is justified, due to the advantages that the technique offers in the face of limitations in sample size, as is the case of this work (Hair et al., 2014; Pedraza & De la Gala, 2022).

**Table 3.** Criteria analysis and indicators of the applied statistical techniques

| Criteria analysis | Statistical techniques | Interpretation parameters |
|---|---|---|
| Reliability | Cronbach alpha<br>Composite reliability | Accepted value equal to or greater than 0.70 |
| Convergent validity | Mean variance extracted (AVE) | Greater value than 0.50, |
| Discriminant validity | Fornell Larcker Criteria | The square root of the AVE must be greater than the construct's correlations with the rest of the variables |
| SEM model adjustment | $R^2$ | Measures the relevance in the model prediction, expecting values close to 1 |

Source: Prepared from Hair et al. (2014)

## 4. General Results of the Analysis Units

Based on 114 questionnaires that were integrated with the participation of managers and business owners who voluntarily agreed to answer the instrument, it was observed that 14.2% are microenterprises, 63.7% are small, 20.4% are medium-sized and with a minority participation of 1.8% of large economic entities. It was determined that the number of family members working for these companies, ranges from 1 to 13, on average it was three people related who work for the business. It was found that 67.3% of businesses are officially registered with the Tax Administration System (SAT) as natural persons and 32.7% as legal entities. 13.3% are companies in the industrial sector, 57.5% are commercial and 29.2% correspond to the service economic activity. Of those who responded to the questionnaire 70.8% are managers, while 29.2% indicate another position such as general accountant or business owner.

### 4.1 Result of the exploratory factor analysis to characterize management competencies and organizational performance

With the purpose of exploring the scale behavior, before applying the SEM modeling to test the hypotheses, the exploratory factor analysis technique was executed. This analysis process allowed us to observe that the typology of management competencies of García-Lombardía et al. (2001) are present in the management of small and medium-sized family businesses in both states of Mexico. Adequate reliability values of the constructs were determined, with acceptable factor loadings of the indicators, eliminating those traits that exhibited factor loadings less than 0.70 or did not show clear discrimination between factors they loaded. This is how the scale is reduced to the items shown in Table 4, for each latent variable studied in this work.

With the application of the EFA, practically all the indicators of the latent variables (CE, CI, CEP, DES) were preserved. However, the dimension of self-government competence was completely eliminated, which referred to the capacities of discipline, tenacity and manager self-control. The findings of the EFA are corroborated with the CFA, and even more indicators were eliminated for not meeting the minimum factor loading of

0.70, which can be seen in the results presented in the following section of the work.

**Table 4.** Factor structure of management competencies and organizational performance

| Construct | Items | Factorial load | Reliability | Factorial analysis |
|---|---|---|---|---|
| Strategic competencies (CE) | CE1<br>CE2<br>CE3<br>CE5<br>CE6<br>CE7 | 0.73<br>0.81<br>0.81<br>0.84<br>0.87<br>0.70 | Cronbach alpha = 0.91 | KMO = 0.90<br>Square Chi = 488.45<br>Sig. = 0.000<br>Variance % = 60.99 |
| Intrategic competencies (CI) | CI1<br>CI2<br>CI3<br>CI4<br>CI5<br>CI6 | 0.81<br>0.83<br>0.92<br>0.89<br>0.84<br>0.77 | Cronbach alpha = 0.93 | KMO = 0.90<br>Square Chi = 571.53<br>Sig. = 0.000<br>Variance % = 72.32 |
| Personal effectiveness compe-tencies (CEP) | CRP1<br>CRP2<br>CRP3<br>CP1<br>CP2<br>CP3<br>PMC1<br>PMC2<br>CIN2<br>CIN3<br>PEC2<br>PEC3 | 0.77<br>0.83<br>0.80<br>0.86<br>0.85<br>0.76<br>0.83<br>0.72<br>0.83<br>0.84<br>0.79<br>0.79 | Cronbach alpha = 0.95 | KMO = 0.92<br>Square Chi = 1209.90<br>Sig. = 0.000<br>Variance % = 65.50 |
| Organizational performance (DES) | DE3<br>DM2<br>DM3<br>DM4<br>DPC1 | 0.73<br>0.86<br>0.73<br>0.80<br>0.73 | Cronbach alpha = 0.85 | KMO = 0.74<br>Square Chi = 288.27<br>Sig. = 0.000<br>Variance % = 56.38 |

**Note**: Personal effectiveness competencies (CEP) integrate the dimensions of: CDP (Personal development competencies), CGP (Personnel management competencies), CIN (Integrity competencies), CP (Proactivity competencies), CR (Problem-solving competencies).
*The variables codification remains in Spanish.

Source: Author's elaboration

### 4.2. Confirmatory analysis and hypotheses validation in the research (SEM)

The CFA determined results that confirmed the underlying structure of the EFA. However, in this validation phase of the measurement model, more items were eliminated due to factor loadings less than 0.70. For example, the latent variable of IQ finally had its structure formed by 2 items of the six that were initially the theoretical proposal. This conformation and final construct validity of the latent variables is seen in Table 5. By observing the values of the internal consistency indicators (Table 5), adequate levels of reliability of the management competencies dimensions and the construct of business performance are determined. All values greater than 0.70 in Cronbac''s alpha and composite reliability. Furthermore, convergent validity showed indicators greater than 0.50 determining also factor loadings greater than 0.70 in all the items that characterize each latent variable (CE, CI, CEP, DES).
These values demonstrate the adequate internal consistency (reliability) of the analyzed variables (CDP, CE, CGP, CI, CIN, CP, CR and DES). Likewise, discriminant validity is met as seen in table 6.

**Table 5.** Reliability and convergent validity of the scales

| Latent variable | Cronbach alpha | Composite reliability | Extracted media variance |
|---|---|---|---|
| CDP | 0.87 | 0.93 | 0.88 |
| CE | 0.86 | 0.90 | 0.70 |
| CGP | 0.76 | 0.89 | 0.80 |
| CI | 0.72 | 0.87 | 0.78 |
| CIN | 0.89 | 0.95 | 0.90 |
| CP | 0.79 | 0.90 | 0.82 |
| CR | 0.88 | 0.93 | 0.81 |
| DES | 0.86 | 0.90 | 0.64 |
| Note: CDP (Personal development competencies), CE (Strategic competencies), CGP (Personnel management competencies), CI (Intrategic competencies), CIN (Integrity competencies), CP (Proactivity competencies), CR (Problem-solving competencies), DES (Organizational performance) *The variables codification remains in Spanish. | | | |

**Table 6.** Discriminant validity

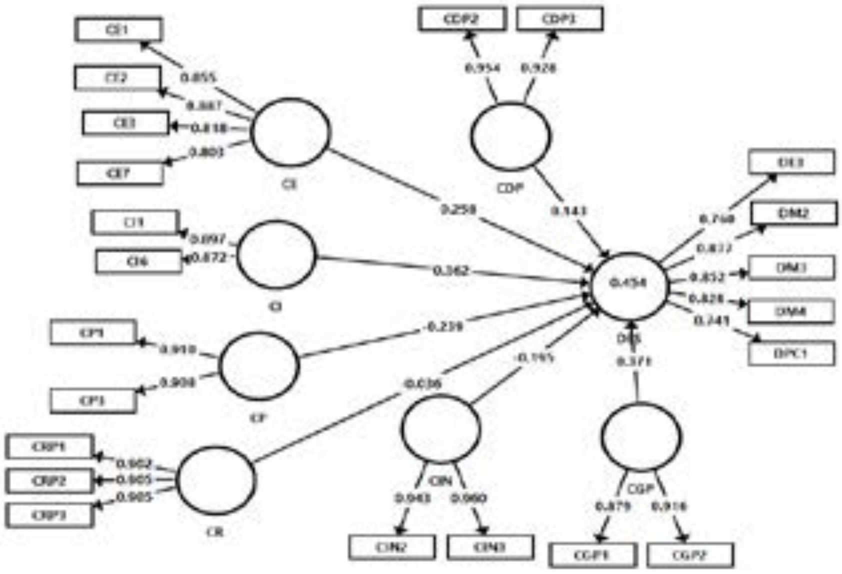
| Latent variable (construct) | CDP | CE | CGP | CI | CIN | CP | CR | DES |
|---|---|---|---|---|---|---|---|---|
| CDP | 0.94 | | | | | | | |
| CE | 0.77 | 0.84 | | | | | | |
| CGP | 0.75 | 0.77 | 0.89 | | | | | |
| CI | 0.71 | 0.78 | 0.75 | 0.88 | | | | |
| CIN | 0.72 | 0.71 | 0.76 | 0.71 | 0.95 | | | |
| CP | 0.74 | 0.74 | 0.79 | 0.78 | 0.76 | 0.90 | | |
| CR | 0.72 | 0.82 | 0.72 | 0.76 | 0.74 | 0.76 | 0.90 | |
| DES | 0.53 | 0.59 | 0.58 | 0.59 | 0.42 | 0.45 | 0.49 | 0.80 |
| Note: CDP (Personal development competencies), CE (Strategic competencies), CGP (Personnel management competencies), CI (Intrategic competencies), CIN (Integrity competencies), CP (Proactivity competencies), CR (Problem-solving competencies), DES (Organizational performance) *The variables codification remains in Spanish. | | | | | | | | |

Once the constructs were validated, the research hypotheses were studied. The results with SEM allow us to confirm in this work (Figure 2) that 45% (coefficient of determination) of the companies' performance is a product of the different directive powers of management; specifically, intrategic and personal effectiveness competencies, the latter particularly related to the individual. Therefore, these two typologies of managerial competencies are those that are identified as determinants in the prediction of the DES, since the hypothesis testing statistics provide significant values (table 7).

**Table 7.** Hypothesis proof

| Hypothesis | Statistics | P Values |
|---|---|---|
| CDP -> DES | 0.942 | 0.347 |
| CE -> DES | 1.518 | 0.130 |
| CGP -> DES | 2.131 | **0.034** |
| CI -> DES | 2.828 | **0.005** |
| CIN -> DES | 1.712 | 0.088 |
| CP -> DES | 1.512 | 0.131 |
| CR -> DES | 0.188 | 0.851 |
| Note: CDP (Personal development competencies), CE (Strategic competencies), CGP (Personnel management competencies), CI (Intrategic competencies), CIN (Integrity competencies), CP (Proactivity competencies), CR (Problem-solving competencies), DES (Organizational performance). *The variables codification remains in Spanish. | | |

**Figure 2.** Managerial performance of the predictive model




Source: Author's elaboration

## 5. Discussion

It has been inferred from the literature review that family businesses are relevant, important entities in the economic activity of different nations (Davis, 2006; Samsami & Schott, 2021; San Martín & Durán, 2017; Sanchez-Famoso et al., 2015; Soto, 2013). It has been determined that these organizations face significant challenges to survive and achieve results that benefit their performance in the industries or markets where they operate (Arias, 2022; Núñez-Cacho et al., 2012b; San Martín & Durán, 2017). Within these challenges, there is precisely the administration or management capabilities (Arias, 2022; Davis, 2006; Hernández-Barrera et al., 2016; Mora-Riapira et al., 2015; San Martín & Durán, 2017) of their resources and capabilities, which leads us to look at those capabilities or assets that are intangible in organizations, and that are related to organizational human capital, which we commonly refer to as managerial skills or managerial competencies, which are ultimately considered as part of the competitiveness factors (García & Duréndez 2007; Martínez Santa María et al., 2010), which affect organizational performance (Pedraza & De la Gala, 2022; Pedraza et al., 2021). There, the general question that triggered the present study and to which the answer is given in this work: What is the relationship between management competencies and organizational performance in small and medium-sized family businesses?
Thus, within the findings of this work, empirical evidence is provided that primarily accounts for managerial competencies (Carhuancho et al., 2019; Gutiérrez-Macías & Córdova-Ruiz, 2020; Leyva-Carreras et al., 2017; Paredes et al., 2017; Quiroz et al., 2019) that are present in family businesses, from the perception of the managers and/or owners surveyed, confirmed within the framework of García-Lombardía et al. (2001) theoretical proposal which are three categories: strategic, intrategic and personal effectiveness. In relation to strategic competencies, it is observed that the indicators that characterize this latent variable refer to the importance of recognizing and taking advantage of opportunities, dangers and external forces that affect the business' competitiveness; to understand decisions and actions impact on other areas of the business; the convenience of promoting cooperation within their organizations; the need to apply business resources rationally and effectively; as well as analyze its industry or market to identify trends and take action to lock on customers. In other words, competencies that are undoubtedly related to business vision, inter-functional orientation, resource management and customer orientation. These managerial competencies are important for the good performance of the family businesses analyzed, results that coincide with García-Lombardía et al. (2001) and scholars who have identified in other contexts how human capital capabilities are related to the organizations' performance (Arias, 2022; García & Duréndez, 2007; Pedraza & De la Gala, 2022; Pedraza et al., 2021).
As for the intrategic competencies, which are related to capabilities that increase employees' development and commitment to their organization motivated by their leaders' behaviors, two indicators stood out in this study. The first being the relevance of behaving in an upright and

honest manner in any situation and the fact of the superior's ability to listen and transmit ideas effectively, as well as give meaning to his collaborators work, encouraging, motivating them with the proposed objectives, thereby providing empirical evidence to García-Lombardía et al. (2001) proposal with distinctive features on the relevance of the effective direction or personnel administration by managers in family businesses.

Regarding personal effectiveness competencies, the findings confirm the proposal of García-Lombardía et al. (2001) theoretical perspective, when confirming the importance of the manager's effective relationship with himself and with the environment where he operates. It also highlights indicators that distinguish this category of managerial competencies, among which personal management related to aspects such as time and stress management; the capacity for proactivity and problem solving, as well as the personal development capacities that are related to topics such as self-criticism and learning (García-Lombardía et al., 2001).

On the other hand, in this study, the indicators that characterize organizational performance (DES) have been determined (Hamann et al., 2013; Matus, 2018; Richard et al., 2009) in family businesses, highlighting the aspects of increased income, increase in customer portfolio, greater market participation and successfully coping with the complex environments of their market or context such as the one they experienced in the face of the COVID-19 pandemic. These indicators coincide with positions that propose measuring the construct DES with financial and non-financial indicators, in contexts of business and non-business organizations (Bhargava & Sinha, 1992; Camisón et al., 2007; Crook et al., 2005; Pedraza & De la Gala, 2022; Pedraza et al., 2021) based on the assumption that the information that can be reflected in a financial statement does not necessarily allow communicating all the tangible and intangible resources that allow an organization to survive and grow in its industry.

After the analysis of the characterization of managerial competencies and organizational performance, it was observed in the present study that there is a positive relationship between managerial competencies and organizational performance, a finding that is considered one of the main contributions of this work. Since it has been empirically determined that the typology of skills or competencies of family business managers are related to their objectives and results achievements (organizational performance). In this sense it is inferred that this finding coincides with what was proposed by Martínez Santa María et al. (2010), who mention that management capabilities contribute to internal competitiveness (companies). It is important to specify that for the purposes of this study, organizational performance was taken as synonymous with internal competitiveness, since authors such as Mora-Riapira et al. (2015) mention that organizational performance refers to internal sources of competitiveness. Therefore, when talking about internal competitiveness it means organizational performance.

It should be emphasized that not all the managerial competencies analyzed showed positive relationships with organizational performance in the small and medium-sized family businesses studied. For example, the first hypothesis where strategic competencies are related to organizational performance was rejected, in contrast to what was proposed in the theoretical model of García-Lombardía et al. (2001). This result that can be explained within the framework of how the performance variable has been measured in this work, which used qualitative and non-financial indicators per se, but which invites us to explore this finding with future case studies or with financial and economic metrics to better understand the relationship of both latent variables.

Now, the second research hypothesis is not rejected in this study, empirically confirming that intrategic competencies (communication, teamwork, and leadership, which are oriented to employe's' development and commitment) are related to the organizational performance in the family businesses analyzed. This allows us to observe that the managerial capabilities or skills related to managing and sharing information, ideas, data with their collaborators, as well as motivating them to achieve the proposed objectives, they all favor organizational performance. These results coincide with what is proposed by various scholars on the topic of human capital or talent management and the benefit that this brings to an organizati'n's objectives or goals achievement (García-Lombardía et al., 2001; Pedraza et al., 2021; Pedraza & De la Gala, 2022).

Regarding the third research hypothesis, it is noted that it is partially accepted; based on the determined results, it is identified that not all dimensions of personal effectiveness competencies are positively related to the performance of family businesses. In this work it is confirmed that only the capabilities that refer to proactivity, problem solving, management and personal development, are oriented towards the effective relationship of the person with himself (García-Lombardía et al., 2001) These findings coincide with research carried out by authors in other contexts (Hernández-Barrera et al., 2016).

## 6. General Conclusions

This research provides empirical evidence that characterizes organizational performance in the small and medium family businesses studied (increase in income, increase in customer portfolio, more market participation and effective management of complex environments with COVID-19), performance indicators that agree with the proposals made by Bhargava and Sinha (1992), which takes into account productivity, commitment and leadership; with Camisón et al. (2007), who agree on measuring performance from an indicators perspective related to market participation and growth.

On the side of managerial competencies, it is concluded that these must be focused on intrategic competencies and personal effectiveness, which implies that the managers or owners of these economic units have the skills for problem solving, innovation (Paredes et al., 2017; Sanchez-Famoso et al., 2019), customer orientation, employee management and motivation, stress management and emotional balance (Quiroz et al., 2019) skills or abilities that without a doubt in this work are identified as necessary for the development of the family businesses analyzed.

Therefore, having the management competencies and their relationship with organizational performance identified is important, since from the identification of these management capabilities in small and medium-sized family businesses, management professionalization strategies can be implemented, in order to develop management skills that build human capital prepared to adapt to a changing and competitive world, so that future generations who will be in charge of these economic entities have effective managerial skills to manage their businesses.

Without a doubt, these findings are useful to small and medium-sized family businesses in the municipalities of San Luis Potosí and Tamaulipas to reflect and based on the information provided, it will allow them to manage the profile of the appropriate businessman and thus design strategies aimed at improving performance within their organizations and therefore their competitiveness. It is useful to the academy to formulate new proposals or lines of future research aimed at measuring the competitiveness of small and medium-sized family businesses taking other performance indicators (economic, financial data) as reference. Likewise, it is proposed to include new lines of research that include indicators oriented with the strategic vision of the business, negotiation power and external competitiveness.

## 7. Practical Implications

Given the few studies on managerial competencies and the relationship with business performance in small and medium-sized family businesses, a significant contribution is the findings found and explained through the proposed model. Although not all hypotheses are accepted, there is evidence of the relationship between management competencies and the positive impact on organizational performance. It is necessary to consider that the findings cannot be generalized from a statistical perspective, but they are an approach to understanding the management skills that are considered important in the owners or administrators who direct the economic units studied, and that invite us to delve deeper into the explanation of the relationship of both constructs with qualitative research, cross-sectional case studies to carry out holistic analysis that provide knowledge in the study of small family businesses in Mexico.

## Declarations of interest

None

## Ethical statement

The authors confirm that data collection for the research was conducted anonymously and there was no possibility of identifying the participants.

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http://www.revistas.uma.es/index.php/ejfb

# Unveiling the Global Corporate Governance Landscape in Family Firms: A Comprehensive Bibliometric Analysis

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Research article. Received: 2023-03-25; accepted: 2023-12-18

**JEL CODE**
G3, M41

**KEYWORDS**
Bibliometric analysis, Corporate governance, Family firm, Scopus

**Abstract** This research leverages Biblioshiny-R Studio to conduct a bibliometric study of 514 scholarly documents from the Scopus database (1998–2022) on corporate governance in family firms. Despite a consistent growth trajectory in research dedicated to this domain, a notable revelation surfaces: a decline in the influence of paper on this topic in last years. The collaborative nature of academic endeavors is also unveiled, with numerous international partnerships indicating a globalized approach to research. The central research themes span corporate strategy, governance, sustainability, and family structure. The findings not only contribute to existing literature but also address research gaps identified in prior research. The implications extend to both academia and practitioners, offering valuable insights for navigating the complex terrain of corporate governance in family firms.

**CÓDIGOS JEL**
G3, M41

**PALABRAS CLAVE**
Análisis bibliométrico, Gobierno corporativo, Empresa familiar, Scopus

**Revelando el panorama global del gobierno corporativo en las empresas familiares: un análisis bibliométrico**

**Resumen** Esta investigación utiliza Biblioshiny-R Studio para realizar un estudio bibliométrico de 514 documentos identificado en la base de datos Scopus (1998-2022) sobre gobierno corporativo en empresas familiares. A pesar de una trayectoria de crecimiento constante en la investigación dedicada a este dominio, surge una revelación notable: una disminución en la influencia de los artículos sobre esta temática en los últimos años. También se revela la naturaleza colaborativa de los esfuerzos académicos, con numerosas asociaciones internacionales que indican un enfoque globalizado de la investigación. Los temas centrales de la investigación abarcan la estrategia corporativa, la gobernanza, la sostenibilidad y la estructura familiar. Los hallazgos no sólo contribuyen a la literatura existente, sino que también abordan las lagunas de investigación identificadas en estudios previos. Las implicaciones se extienden tanto al mundo académico como a los profesionales, ofreciendo valiosos conocimientos para navegar en el complejo terreno del gobierno corporativo en las empresas familiares.

https://doi.org/10.24310/ejfb.13.2.2023.16498

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## 1. Introduction

In today's rapidly changing business landscape, the effective implementation of corporate governance plays a pivotal role in helping organizations navigate the challenges brought about by volatility, uncertainty, complexity, and ambiguity (VUCA) (Azila-Gbettor et al., 2018; Nowacka & Rzemieniak, 2022; Santoso et al., 2020; Tamara et al., 2021). Corporate governance serves as the bedrock for guiding businesses, ensuring their resilience, and safeguarding the interests of stakeholders. Corporate governance ultimately aims to facilitate well-informed decision-making, as defined by a system of procedures and structures that extend to the highest echelons of the organization, family, and ownership (Rustam & Narsa, 2021).

However, family firms, with their significant global presence (Andersson et al., 2018; De Massis et al., 2018; Villalonga & Amit, 2020) face a distinctive set of challenges concerning corporate governance. Current statistics paint a stark reality, revealing that only a minority of family firms successfully transition beyond the first generation (Islas-Moreno et al., 2022; Karam et al., 2019; Ng et al.2021). The absence of clear succession plans often leads to conflicts, particularly in the second generation, where siblings frequently find themselves in disagreement (Karam et al., 2019). The departure of a founder or their passing triggers crises or family disputes, given the founder's typically exclusive authority within the company during their tenure.

The urgency of conducting bibliometric research in family firms is underscored by the escalating complexities that emerge as family firms' progress to the third generation. This progression brings about additional intricacies, marked by the involvement of cousins, in-laws, partners, and their families, thereby heightening the potential for conflicts and diluting the shared mission of the family firm. The inclusion of family members in the workforce, whether individually or collectively, adds to the complexities of governance dynamics (Islas-Moreno et al., 2022; Saraswati & Darma, 2020). In this context, this study offers itself as an important endeavor, positioned within the particular corporate governance framework observed in family firms. A comprehensive bibliometric analysis tries to discover and acknowledge the enormous influence of governance on the trajectory of family enterprises by addressing the need to untangle the growing dynamics and problems.

This research aims to provide a thorough overview of the ever-changing corporate governance landscape, with a particular emphasis on family firms. The investigation starts by closely examining publishing patterns throughout time, offering insightful information about how this important topic is changing. The study then explores the complex dynamics of cooperation, specifically in the areas of co-authorship and international partnerships, clarifying how these joint ventures influence the theoretical models of research in the field of corporate governance in family firms. The study conducts a comprehensive analysis of co-authorship patterns and international partnerships in an effort to shed light on the significant influence that collaborative efforts have on the advancement of knowledge and ideas in this specialized field. Finally, this research comprises identifying the most common study subjects and themes and charting their evolution throughout time. This detailed examination seeks to contribute to a more nuanced understanding of the existing and future directions of corporate governance research within family firms. The study provides useful insights into the status of the field and anticipates future paths by unraveling the evolution of these themes. This analytical method not only improves our understanding of the numerous nuances of family firm governance but also offers incisive perspectives on new trends and shifts in emphasis, contributing to the ongoing growth of this important area of research.

The present study represents a noteworthy development in the field of corporate governance in family firms, motivated by the identification of a sizable vacuum in the bibliometric evaluations of previous studies on this particular topic. While some existing studies have touched on corporate governance in family firms, they have fallen short of providing a comprehensive overview of the research landscape. In contrast, this research distinguishes itself through a specialized focus on corporate governance within family firms, encompassing extensive temporal coverage and a nuanced exploration of evolving research trends. These aspects collectively emphasize the imperative and value of this bibliometric analysis, offering a substantial addition to the existing body of knowledge on corporate governance within family firms.

Additionally, the study introduces a distinctive perspective by directing attention to publications indexed by Scopus, intentionally departing from the prevailing research approaches of Do Nascimento João et al. (2014) and Pu et al. (2022), who predominantly relied on the Web of Science database. The deliberate choice to focus on Scopus publications ensures a unique viewpoint, acknowledging the pivotal role of database selection in shaping the breadth and depth of bibliometric research. Moreover, this study adopts R Studio-Biblioshiny[1], in contrast to prior studies such as Do Nascimento João et al. (2014) using VOSviewer and Pu et al. (2022) using CiteSpace and the VOSviewer. This methodological distinction not only introduces a layer of uniqueness to the research but also enhances its rigor, further propelling the advancement of knowledge in the field of corporate governance within family firms.

## 2. Literature Review

### 2.1. Corporate governance in family firms

The analysis of corporate governance in family firms is a significant and imperative field of research. Distinguished by numerous unique characteristics that render it a captivating and indispensable subject of investigation, the significance of corporate governance in family firms extends beyond mere adherence to regulations, as it plays a fundamental role in their ability to withstand challenges and maintain organizational strength (Carmeli & Markman, 2011). In contrast to non-family firms, family firms face complex dynamics that require careful management of the alignment of interests among owners, top executives, and the board of directors. The act of balancing is crucial in order to guarantee the ongoing success of the organization (Do Nascimento João et al., 2014).

The convergence of familial and commercial interests inside family firms presents a distinctive level of intricacy. In the absence of efficient governance, the aforementioned convergence has the potential to give rise to conflicts and mismanagement, posing a threat to the long-term sustainability of the organization (Cirpan & Alayoglu, 2018). According to Parada Balderrama (2015), governance methods have a crucial role in establishing structured institutions that centralize decision-making, thereby ensuring the preservation of harmony and continuity. Furthermore, it is crucial to note that family firms frequently last across numerous generations, hence emphasizing the significance of governance in preserving the founder's vision (Abdelaziz, 2021). Effectively addressing the difficulty of maintaining alignment with the firm's original aims in the face of evolving leadership is a key focus of sound governance processes.

The implications of worldwide occurrences, such as the COVID-19 pandemic, have brought attention to the importance of governance characteristics in influencing the behavior and performance of family firms (Calabrò et al., 2022). The aforementioned statement highlights the current significance of governance methods for effectively managing the intricate nature of family firms. Furthermore, within family firms, there is a strong emphasis on corporate governance, which places significant value on the principles of openness and accountability. The implementation of various methods, including the inclusion of independent directors and the establishment of committees, is achieved (Ahmed & Uddin, 2022). Succession planning, an essential aspect of governance, plays a vital role in facilitating smooth leadership transitions, which are of utmost importance for the sustained success of family firms (Buckman et al., 2020; Chirapanda, 2020; LeCounte, 2022).

Additionally, factors like family dynamics, ownership structures, and governance practices have a significant impact on the performance of family firms (Chirico et al., 2018; Moghaddam et al., 2023; Pandey et al., 2023). According to Ghafoor et al. (2023), CEOs who are members of the same family as the owners of a corporation may place greater emphasis on non-financial goals, exerting an influence on the overall direction of the company. The primary difficulty that persists is the need to strike a balance between control and professionalization (El Masri et al., 2017). The examination of corporate governance in family firms presents a compelling field of research owing to the complex dynamics between family and business objectives, the presence of intergenerational obstacles, and the imperative to address competing stakeholder interests. The sustainability, harmony, and adaptability of family firms are dependent upon effective governance procedures within their specific context. Consequently, understanding the long-term performance of these organizations necessitates a comprehensive examination of this topic, as it is both intriguing and crucial. The aforementioned citations underscore the distinctive and intricate characteristics of corporate governance inside family firms, rendering it a captivating and vital area of scholarly inquiry (Cristiano, 2018; Debellis et al., 2023; Galavotti & D'Este, 2023).

### 2.2. Bibliometric analysis in corporate governance in family firm

With a particular emphasis on corporate governance, the preceding bibliometric research (Aparicio & Iturralde, 2023; Brito-Ochoa et.al., 2020; Casado-Belmonte et al., 2021; Casprini et al., 2020; Do Nascimento João et al., 2014; Pu et al., 2022) has significantly advanced our understanding of various facets of family firms. These studies collectively delve into key areas

1. https://www.bibliometrix.org/home/

such as sustainability, dynamic capacities, innovation, internationalization, and corporate governance within family firms. To provide a clearer comparison of their conclusions, Table 1 below summarizes the specific focus areas of each study and serves as a concise overview, outlining the specific research focus of each study and allowing for easy comparison of their contributions to the understanding of family firms, especially in the context of corporate governance.

**Table1.** Previous research focus

| No | Author | Research focus |
|---|---|---|
| 1 | Aparicio & Iturralde (2023) | Sustainability in family businesses |
| 2 | Brito-Ochoa et al. (2020) | Dynamic capacities in the field of family firms |
| 3 | Casado-Belmonte et al. (2021) | Family firm innovation |
| 4 | Casprini et al. (2020) | Family firm internationalization |
| 5 | Do Nascimento João et al. (2014) | Corporate governance and family firms |
| 6 | Pu et al.(2022) | Governance of family firms |

Nevertheless, there are other justifications as to why the bibliometric analysis elucidated in this work has significant value and is imperative for further progress of the domain of corporate governance in family firms. Previous studies have examined bibliometric analyses pertaining to family firms and corporate governance. However, there remains a gap in the literature on a comprehensive investigation of the specific area of corporate governance within family firms. The present study focuses on examining the nuances of corporate governance in family firms, aiming to provide a more specialized viewpoint that can offer distinct insights into this crucial research domain.

Furthermore, the extant body of literature has uncovered deficiencies and constraints in the comprehension of corporate governance within family firms, as identified by Do Nascimento João et al. (2014). The objective of this study is to expand upon the aforementioned reviews and fill in the existing knowledge gaps by presenting a thorough examination of the latest scholarly publications. To achieve this, a Scopus database will be utilized, along with a distinct time frame spanning from 1998 to 2022. By doing so, it extends the temporal coverage and the number of articles analyzed, allowing for a more up-to-date and expansive assessment of the field. Although Pu et al. (2022) conducted a bibliometric analysis focused primarily on the overarching landscape of family firm governance research, they did not delve deeply into the evolving trends and research themes within the field. This study seeks to fill this gap by not only mapping the intellectual structure but also by exploring the changing dynamics, research hotspots, and emerging trends within corporate governance in family firms over time. This nuanced approach is crucial for understanding how the field has evolved and identifying areas that require further exploration.

## 3. Methodology

### 3.1. Methods

This work used bibliometric analysis to investigate the patterns of publishing, research output, themes, and collaboration that are associated with corporate governance in family firms. With this instrument, one can locate a nation within the context of the world, an institution within the framework of a nation, or a scientist within the context of their professional community (Dixit et al., 2023; Li et al., 2023). In addition, this method provides a comprehensive scientific picture of the authors, countries, organizations, and collaborations that contribute to the overall body of knowledge on a global scale. A second analysis was done on the data's conceptual (co-occurrences of authors and keywords, progression of topics), intellectual (co-citation network), and social (collaboration network) structures.

### 3.2. Database selection

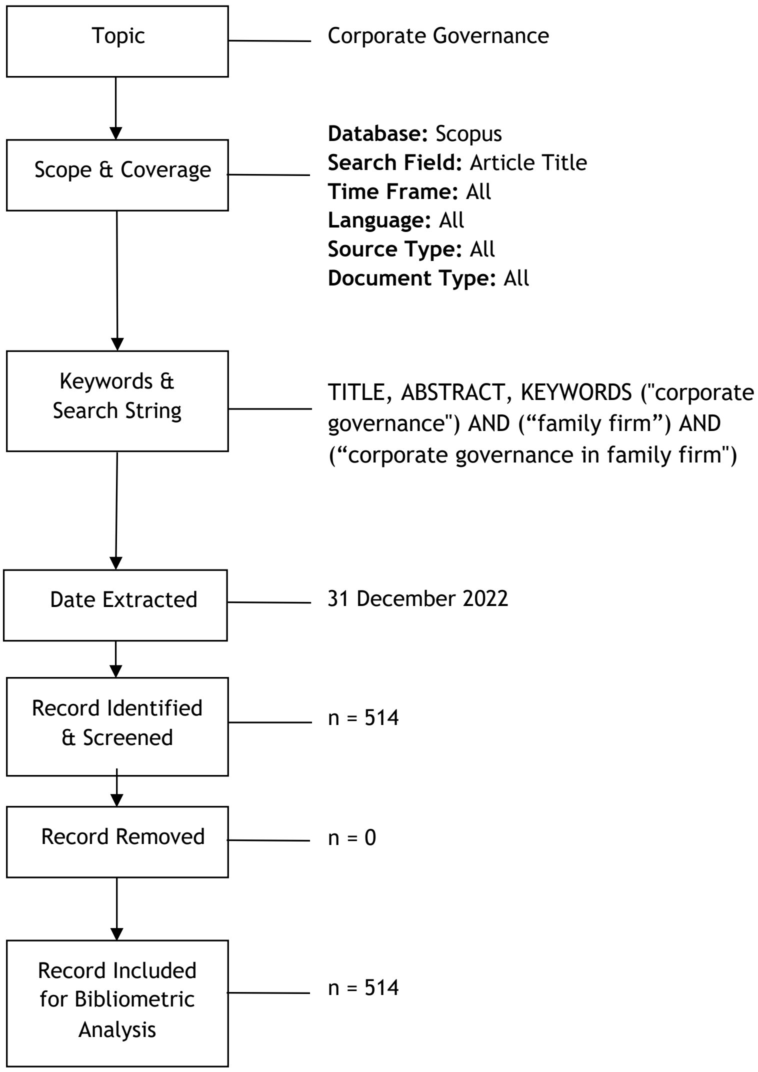
There are many databases that index and cite bibliographic sources, including journals, books, reviews, and conference proceedings from all over the world and from specific regions. Every database has a different strategy, has a different major emphasis, and focuses on a different primary area of interest. This study will offer a distinct viewpoint on corporate governance in family firms by focusing on Scopus papers, unlike the works of Do Nascimento João et al. (2014) and Pu et al. (2022), among others, which used the Web of Science database. Using different databases makes it possible to show the importance of of database selection in determining the breadth and depth of bibliometric studies. This highlights the subtleties that result from the variations between Scopus and other bibliometric databases while enabling the research to expand upon previously established research approaches.

Scopus was chosen to obtain given that its comprehensive coverage of domains spanning multiple disciplines, great coverage of citation reports, and availability of a wide range of analysis tools. Scopus is the world's most comprehensive data collection of scientific literature that has been peer-reviewed. It has more than 80 million indexed items. Scopus is the database that is frequently used in place of other databases such as Dimensions, Web of Science, PubMed, etc. With this database, researchers are able to undertake bibliometric studies, which can provide helpful insights about the research environment in a certain subject area. Scopus contains citations and abstracts from works that have undergone expert review in the relevant fields, including papers, journals, books, patent notes, and conference proceedings (Mansour et al., 2022). Additionally, the academic community on a global scale has made extensive use of Scopus, which has developed a reputation as a dependable and comprehensive bibliometric database for academic research (Jabali et al., 2020).

### 3.3. Search queries

A search query was run on the main search interface of the Scopus database using the following search fields: "Article title", "Abstract", and "Keywords". The terms "corporate governance" and "family firm" were included in the search. The search was carried out in December 2022 with the aim of identifying a wide range of academic documents published between 1998 and 2022. The search was carried out in December 2022 with the aim of identifying a wide range of academic documents published between 1998 and 2022. This timeframe of 25 years provides a comprehensive dataset that accurately captures the progression of corporate governance in family-owned enterprises throughout the years. The search turned up 514 documents as a result. Figure 1 displays our search strategy based on Zakaria et al. (2021). After that, the bibliometric technique was applied to all retrieved documents.

**Figure 1.** Data search and collection process




Source: Zakaria et al. (2021)

**3.4. Data analysis**

Biblioshiny - RStudio was used to analyze the 514 documents retrieved, which were exported as a.csv file from the Scopus database and then analyzed using the Biblioshiny application. Using the Scopus database, some fundamental tasks were also carried out, such as identifying about publication and citation patterns.

**3.5. Integrated analysis**

*3.5.1. Conceptual analysis*

The need to gain a comprehensive understanding of the current knowledge landscape within the field of family firms is what drives the use of conceptual analysis, which includes the examination of author co-occurrences, keyword associations, and topic progression. The methodology employed in this approach is consistent with the research conducted by Fagerberg et al. (2012) and Xi et al. (2015), who analyzed the knowledge base and the research map in the field of family firm, respectively.

The examination of co-occurrences between authors and keywords enables the identification of highly significant authors and frequently used terms within the academic literature. This approach provides valuable insights into prominent research issues and prevailing trends. Thematic progression refers to the analysis of the development of topics in the literature, which allows us to see the evolution of the research field. This strategy is in line with what Xi et al. (2015) used as their methodology.

*3.5.2. Intellectual analysis*

The use of co-citation network analysis in our study serves as an intellectual examination, drawing inspiration from the study by Randhawa et al. (2016) that provided a thorough evaluation of open innovation. This approach holds special significance in the identification of pivotal works and their interconnectedness within the body of literature pertaining to family firms. The objective of this study is to analyze the co-citation patterns of scholarly papers and authors in order to identify the fundamental knowledge base and influential contributions that have influenced the field of family firm research. This methodology facilitates the identification of prominent areas of research and highly referenced scholarly publications, while facilitates the establishment of links between distinct intellectual groups.

*3.5.3. Social analysis*

The application of cooperation network analysis in this study aligns with the domain of social analysis, similar to the methodology employed by Kraus et al. (2020) and López-Fernández et al. (2016) in their examination of the sharing economy. The present analysis aims to examine the collaboration networks established among scholars and institutions in the domain of family firms. This study offers valuable insights into the intricate social dynamics involved in the process of knowledge generation and transmission. It sheds light on the research networks and collaborations that have played a significant role in advancing the field of family firm scholarship. Thus, the analyses in this study are firmly rooted in the current body of literature and have been modified to align with the particular context of research on family firms. The aforementioned studies collectively contribute to a complete evaluation of material within the sector, allowing for the identification of significant knowledge domains, intellectual paths, and social networks. These findings are crucial for increasing our understanding of family firms.

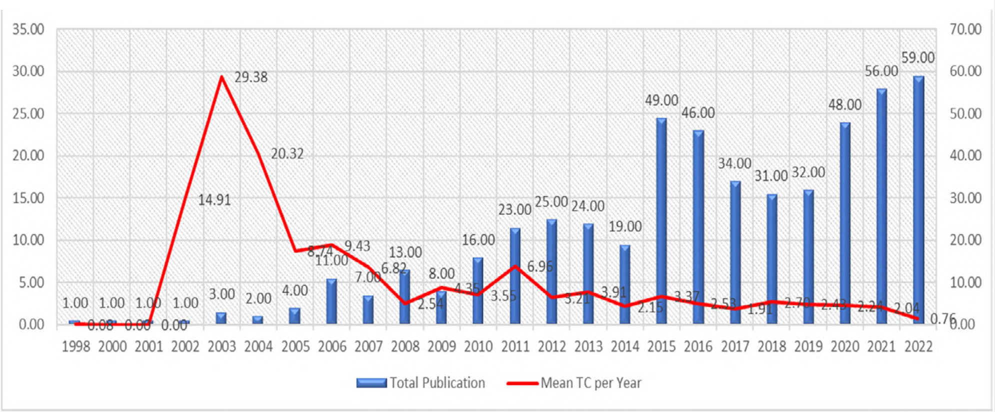
## 4. Results and Discussion

**4.1. Global trend of publications**

In this section, the mapping of corporate governance in family firms in the Scopus database is presented. Figure 2 illustrates the evolution of publications and citations between 1998 and 2022. The blue bars represent the number of publications produced annually, while the red lines represent the average number of publications. It is generally accepted that the number of publications has fluctuated but tends to increase.

According to Figure 2, since 1998 there has been considerable growth in the number of publications, each year with higher numbers than the previous one. Thus, from 1998 to 2009 a constant increase in publications is observed, although the levels are still low. The period between 2010 and 2022 is a phase of expansion, culminating in the year 2022, when publications reach 132 documents. Throughout this period, there was a constant upward trend in posts, with occasional drops. As an illustration, there was a slight decrease in the years 2013 and 2014, and subsequently a steady expansion up until the year 2022. It is noteworthy to acknowledge that the year 2020 may have been impacted by the COVID-19 pandemic. The data shows a consistent upward trajectory in production over time, although with intermittent oscillations. It is imperative to understand the reasons driving these patterns.

**Figure 2.** Total publication per year and mean total citation per publication




Source: Biblioshiny using Scopus database

The analysis of the 5-year moving average reveals a consistent upward trajectory from the early 1990s to approximately 2010. Following the year 2010, a phase of relative stability or minor decline in production is observed, particularly between 2013 and 2016. Academic production had a sharp increase form 2016 onwards, reaching its maximum in 2022.

Table 2 shows a breakdown of the different types of publications that make up the dataset of 514 publications. With 448 publications, 87.16 percent of the total, the most common form of publication is an academic article. The book chapter, which represents 6.03 percent (31 documents), while the conference papers and reviews represent 2.14% (11 documents) and 3.31% (17 documents) of the publications, respectively. Books and erratum are the least frequent publications, at 0.39% of the total.

**Table 2.** Document type

| | Total Publication | Percentage |
|---|---|---|
| Article | 448 | 87.16 |
| Book | 2 | 0.39 |
| Book chapter | 31 | 6.03 |
| Conference paper | 11 | 2.14 |
| Erratum | 2 | 0.39 |
| Review | 17 | 3.31 |
| **Total** | 514 | 100.00 |

Source: Biblioshiny using Scopus database

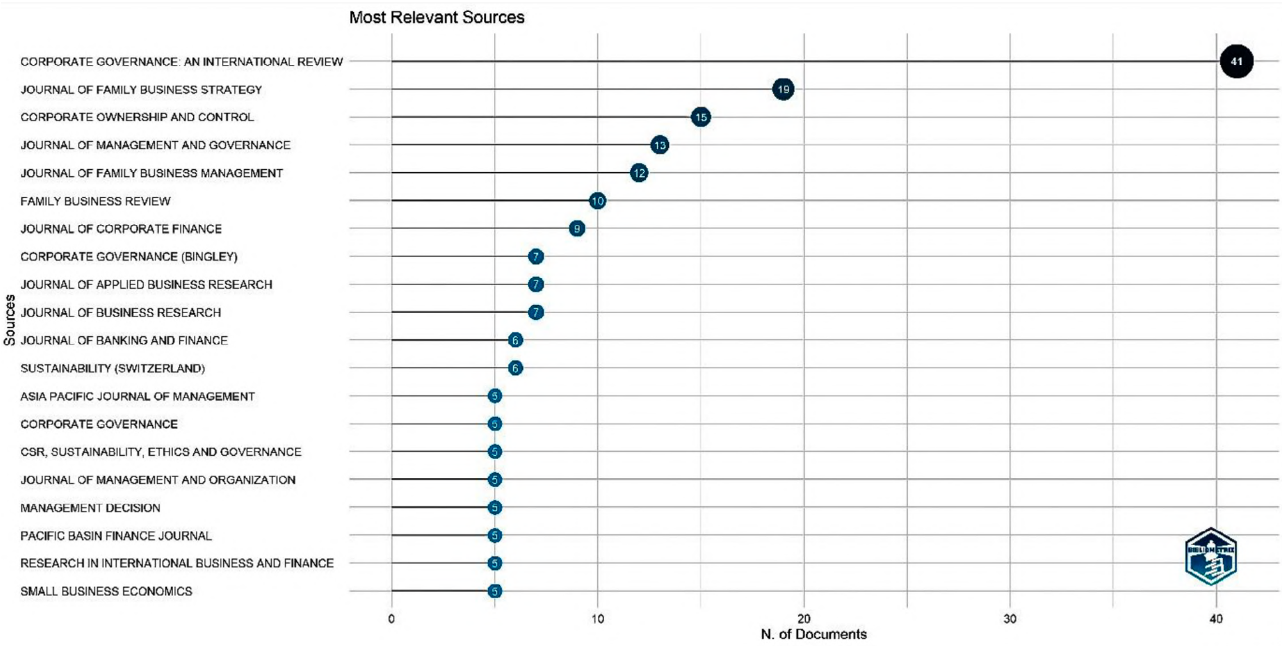
## 4.2. The most relevant sources

### *4.2.1. The most relevant journals*

Figure 3 shows the number of articles on corporate governance in family businesses published in academic journals. "Corporate Governance: An International Review", a joutnsl specialized in the topic of corporate governance, stands out from the rest of the journals with 41 articles. The "Journal of Family Business Strategy", a journal focused on family business that began its journal in 2010, occupies the second position, with 19 publications, followed by the journal of "Corporate Ownership and Control", outlet specialized in corporate governance topics, with 15 articles.

This list includes some of the main academic publications in the field of corporate governance and/or family firm such as "Corporate Governance: An International Review," "Journal of Family Business Strategy," "Corporate Ownership and Control," "Journal of Management and Governance," and "Journal of Family Business Management." These journals are highly regarded publication venues for scholars and researchers interested in exploring these topics. In addition, six academic journals are focused on the field of sustainability, which stands out for the importance of the topic. The existence of publications such as "International Journal of Wine Business Research", "British Food Journal", "European Journal of Work and Organizational Psychology" and "Frontiers in Psychology" supports the idea that interdisciplinary topics are gaining broader acceptance. Overall, we can assert that there is a significant level of activity and diversity in the field of research on corporate governance and family firm. The presence of several interdisciplinary publications on this list indicates multiple perspectives in the research. Further information is provided in Appendix.

**Figure 3.** The most relevant journals

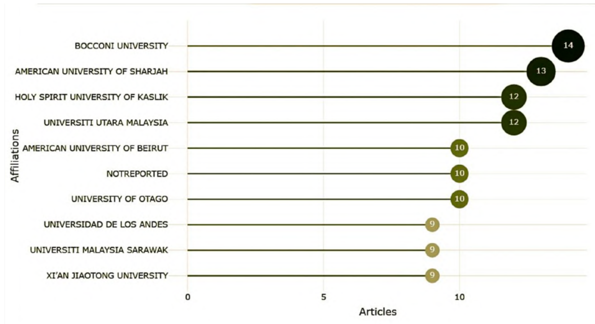



Source: Biblioshiny using Scopus database

*4.2.2. The most influential organizations*

In order to investigate the prominent affiliations and scholarly contributions pertaining to corporate governance in family firms, the study shows the universities and centers where research groups works on this topic. However, the number of publications does not serve as the only measure of an affiliation's impact within the domain of study. Additional factors, such as the caliber of the research and the standing of the authors, also exert influence. Based on the data presented in Figure 4, it is evident that the University of Bocconi (Italy) has emerged as the leading contributor in terms of scholarly publications pertaining to corporate governance in family firms. This suggests that Bocconi University potentially places a significant priority on research in this particular subject area, thereby establishing itself as a prominent university within this discipline. The American University of Sharjah (UAE), Holy Spirit University of Kaslik (Lebanon), Universiti Utara Malaysia (Malaysia), and the American University of Beirut (Lebanon) are among the universities that have published ten or more publications on the topic of corporate governance in family firms. To gain a more comprehensive understanding of the ramifications, an examination was conducted of the effect exerted by their published scholarly works. The number of citations received in other academic journals might help with the assessment of intellectual influence.

**Figure 4.** The most influential organizations




Source: Biblioshiny using Scopus database

*4.2.3. Author's production over time*

As shown in Table 3, the total number of citations (TC), total number of publications (TP) for each author, and the average number of citations per author and year (TC/TP) are calculated by dividing the total number of citations by the number of years since the author's first publication. The dataset provides a detailed picture of author production and influence, providing insights into the scholarly scene across many years and fields.

**Table 3.** Author production over time

| Rank | Author | Year | TP | TC | TC/TP |
|---|---|---|---|---|---|
| 1 | Minichilli A. | 2016 | 3 | 280 | 35 |
| 2 | Kellermanns F. | 2012 | 1 | 309 | 25.75 |

| Rank | Author | Year | TP | TC | TC/TP |
|---|---|---|---|---|---|
| 3 | Guzmán A. | 2015 | 2 | 112 | 12.44 |
| 3 | Trujillo M. A. | 2015 | 2 | 112 | 12.44 |
| 4 | Guzmán A. | 2019 | 3 | 36 | 7.2 |
| 5 | Al-Okaily J. | 2020 | 4 | 28 | 7 |
| 6 | González M. | 2020 | 1 | 26 | 6.5 |
| 6 | Guzmán A. | 2020 | 1 | 26 | 6.5 |
| 7 | Kellermanns F. | 2015 | 2 | 48 | 5.33 |
| 8 | Trujillo M-A | 2019 | 2 | 25 | 5 |
| 9 | Kellermanns F. | 2018 | 1 | 26 | 4.33 |
| 10 | Bodolica V. | 2015 | 1 | 36 | 4 |
| 10 | González M. | 2019 | 2 | 20 | 4 |
| 10 | Spraggon M. | 2015 | 1 | 36 | 4 |
| 11 | González M. | 2015 | 1 | 32 | 3.55 |
| 12 | Li W. | 2014 | 1 | 35 | 3.5 |
| 13 | Bodolica V. | 2020 | 1 | 13 | 3.25 |
| 13 | Spraggon M. | 2020 | 1 | 13 | 3.25 |
| 14 | Li W. | 2015 | 2 | 25 | 2.77 |
| 15 | Li W. | 2017 | 1 | 15 | 2.14 |
| 16 | Minichilli A. | 2017 | 1 | 14 | 2 |
| 17 | Minichilli A. | 2022 | 1 | 3 | 1.5 |
| 18 | Kellermanns F. | 2019 | 1 | 7 | 1.4 |
| 19 | Bodolica V. | 2021 | 1 | 4 | 1.33 |
| 19 | Spraggon M. | 2021 | 1 | 4 | 1.33 |
| 20 | Di Toma P. | 2017 | 1 | 8 | 1.14 |
| 21 | Bodolica V. | 2010 | 1 | 9 | 0.64 |
| 22 | Spraggon M. | 2010 | 1 | 9 | 0.64 |
| 23 | Kellermanns F. | 2022 | 1 | 1 | 0.5 |
| 24 | Bodolica V. | 2017 | 1 | 3 | 0.42 |
| 24 | Spraggon M. | 2017 | 1 | 3 | 0.42 |
| 25 | Di Toma P. | 2012 | 3 | 4 | 0.33 |
| 26 | Di Toma P. | 2020 | 1 | 1 | 0.25 |
| 27 | González M. | 2021 | 1 | 0 | 0 |
| 27 | Guzmán A. | 2021 | 1 | 0 | 0 |
| 27 | Li W. | 2016 | 1 | 0 | 0 |
| 27 | Trujillo M. A. | 2021 | 1 | 0 | 0 |

Abbreviations: TP = total papers; TC = total cites; TC/TP = ratio of citations divided by papers.
Source: Biblioshiny using Scopus database

Minichilli is at the vanguard of our analysis, with a prolific production in 2016 garnering a remarkable 280 citations, resulting in an excellent TC/TP ratio of 35 (Minichilli et al., 2016). This places Minichilli at the top of the dataset's effect hierarchy. Kellermanns and Guzmán share third place with a noteworthy TC/TP ratio of 12.44 in 2015. This convergence in rankings highlights the significance of 2015 as a watershed year for significant scientific contributions from several authors. Interestingly, Guzmán also maintains a steady presence in subsequent years, showing continued output and impact. Furthermore, the analysis emphasizes the importance of specific years, such as 2020, where authors such as Al-Okaily and González attained excellent TC/TP ratios of 7 and 6.5, respectively. In contrast, certain authors had fewer citations in the most recent publications, as is the case of González, Guzmán, Li, and Trujillo in 2021.

As one delves further into the data, different patterns of authorship emerge, providing a more nuanced picture of scholarly effect. Kellermanns' influence spans several years, with major peaks in 2012 and 2015, demonstrating long-term productivity and adaptability. Minichilli's exclusive concentration in 2016 resulted in an exceptional TC/TP ratio, indicating the value of the contribution made to the literature and the influence of his research. Guzmán emerges as a consistent contributor, first appearing significantly in 2015 and continuing to be relevant in later years, also demonstrating the endurance of impactful research initiatives. Also worth highlighting is the influence of Al-Okaily's work in 2020, which reached a TC/TP ratio of 7. The varying performance of Bodolica over time raises intriguing issues regarding the conceptual progression of their work and its resonance within the scholarly community. Similarly, Spraggon's constant presence, notably between 2015 and 2020, suggests a prospective study path worth exploring.

The variation in TC/TP ratios across authors and years demonstrates the complex dynamics of scholarly impact. While Minichilli and Kellermanns have a continuously high impact, others fluctuate, demonstrating the diverse character of academic contributions. This approach not only provides a snapshot of individual author trajectories, but it also encourages investigations into the contextual factors determining their various levels of impact, laying the groundwork for future research into the changing landscape of scholarly productivity. Authors such as Li, González, Guzmán, and Trujillo published little or nothing on the topic between 2016 and 2021, indicating periods of relative inactivity or a change in research focus and interest. The flow of publications and authors' impact reveal the intricate interaction of individual efforts, theme shifts, and external factors that define the dynamic terrain of academic contributions.

#### *4.2.4. The most influential countries*

Table 4 shows the diverse international landscape of scholarly involvement in the study of corporate governance in family firms by looking at the countries that have made significant contributions to this field. As evidenced by its impressive publication count of 185, the United States is consistently recognized as a leading contributor in the field of corporate governance within family firms. China demonstrates a strong adherence to this trend by producing 173 papers, emphasizing the increasing significance of the topic in one of the globe's major economies. Family firms provide a substantial component within the corporate framework of China, with a substantial trend towards examining corporate governance matters that are distinctive to family firms.

It is also worth highlighting the importance of the research on corporate governance in family businesses carried out in Italy, occupying third place with 161 publications. Malaysia and Spain are positioned within the top five, with 126 and 125 papers, respectively. As evidenced, academic interest in the topic of corporate governance in family businesses is global, with researchers from many countries working to improve the existing knowledge base in the field.

**Table 4.** The most influential countries

| Region | Frequency | Region | Frequency | Region | Frequency |
|---|---|---|---|---|---|
| USA | 185 | Singapore | 15 | Philippines | 3 |
| China | 173 | Turkey | 14 | Thailand | 3 |
| Italy | 161 | Finland | 13 | Bahrain | 2 |
| Malaysia | 126 | Switzerland | 12 | Czech Republic | 2 |
| Spain | 125 | Netherlands | 9 | Egypt | 2 |
| Germany | 75 | Japan | 7 | Ghana | 2 |
| UK | 70 | Austria | 6 | Jordan | 2 |
| India | 52 | Bangladesh | 6 | Mali | 2 |
| Australia | 50 | Denmark | 6 | Monaco | 2 |
| Canada | 48 | Greece | 6 | Morocco | 2 |
| France | 37 | Mexico | 6 | Nicaragua | 2 |
| Colombia | 36 | Norway | 6 | Qatar | 2 |
| Portugal | 34 | Brazil | 5 | Saint Lucia | 2 |
| Sweden | 32 | Poland | 5 | Vietnam | 2 |
| Indonesia | 31 | Argentina | 4 | Hungary | 1 |
| Lebanon | 24 | Saudi Arabia | 4 | Ireland | 1 |
| South Korea | 22 | Brunei | 3 | Libya | 1 |
| Belgium | 19 | Cyprus | 3 | Nepal | 1 |
| Chile | 18 | Israel | 3 | Somalia | 1 |
| Tunisia | 17 | Luxembourg | 3 | South Africa | 1 |
| New Zealand | 15 | Oman | 3 | | |
| Pakistan | 15 | Peru | 3 | | |

Source: Biblioshiny using Scopus database

**4.3. Collaboration network**

Table 5 shows a network of authors. The Cluster column indicates 13 clusters in the network and the main connections of each cluster. The size and connectivity of the clusters are not expressly displayed in the data but can be inferred from network centrality measures such as betweenness, closeness, and PageRank.

Betweenness centrality assesses an individual's importance in connecting various network nodes. Authors with high betweenness centrality scores are frequently referred to as "brokers" or "gatekeepers" due to their strategic position in the network, which allows them to control the flow of information or resources between various parts of the network. Kellermanns and Carney have the highest betweenness centrality scores (2) in this data set, indicating that they are significant network brokers. Minichilli and the individuals in Cluster 3 have comparable centrality values.

**Table 5.** Collaboration by authors

| Node | Cluster | Betweenness | Closeness | PageRank |
|---|---|---|---|---|
| Kellermanns F. | 1 | 2 | 0.25 | 0.04 |
| Carney M. | 1 | 2 | 0.25 | 0.02 |
| Hack A. | 1 | 0 | 0.17 | 0.03 |
| Duran P. | 1 | 0 | 0.17 | 0.017 |
| Bodolica V. | 2 | 0 | 1 | 0.03 |
| Spraggon M. | 2 | 0 | 1 | 0.03 |
| Minichilli A. | 3 | 2 | 0.33 | 0.04 |
| Calabrò A. | 3 | 0 | 0.2 | 0.01 |
| Cambrea D.R. | 3 | 0 | 0.25 | 0.02 |
| Pittino D. | 3 | 0 | 0.25 | 0.03 |
| Li W. | 4 | 0 | 1 | 0.03 |
| Gao W. | 4 | 0 | 1 | 0.03 |
| Jiang Y. | 5 | 0 | 1 | 0.03 |
| Peng Mw | 5 | 0 | 1 | 0.03 |
| Brahmana R. | 6 | 0 | 1 | 0.03 |
| Puah C. H. | 6 | 0 | 1 | 0.03 |
| Di Toma P. | 7 | 0 | 1 | 0.03 |
| Montanari S. | 7 | 0 | 1 | 0.03 |
| Brower J. | 8 | 0 | 1 | 0.03 |
| Kashmiri S. | 8 | 0 | 1 | 0.03 |
| Yeh Y. H. | 9 | 0 | 1 | 0.03 |
| Liao C. C. | 9 | 0 | 1 | 0.03 |
| Guzmán A. | 10 | 0 | 0.5 | 0.03 |
| González M. | 10 | 0 | 0.5 | 0.03 |
| Trujillo M. A. | 10 | 0 | 0.5 | 0.03 |
| Sacristán-Navarro M. | 11 | 0 | 0.5 | 0.03 |
| Cabeza-García L. | 11 | 0 | 0.5 | 0.03 |
| Gómez-Ansón S. | 11 | 0 | 0.5 | 0.03 |
| Al-Okaily J. | 12 | 0 | 1 | 0.03 |
| Chahine S. | 12 | 0 | 1 | 0.03 |
| Amore M. D. | 13 | 0 | 1 | 0.03 |
| Miller D. | 13 | 0 | 1 | 0.03 |

Source: Biblioshiny using Scopus database

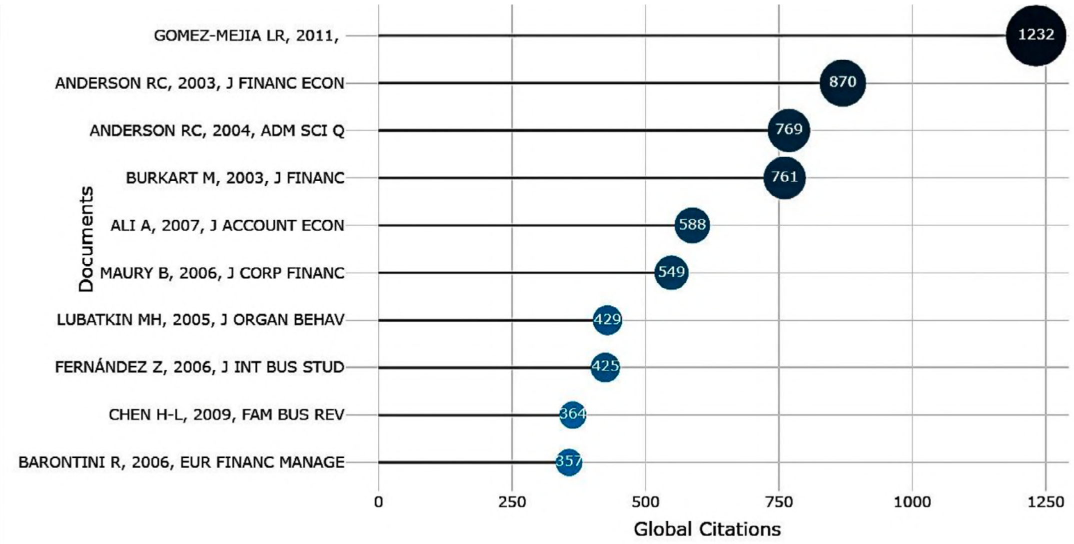
Closeness centrality measures how rapidly a node can communicate with all other nodes in a network. Individuals with high closeness centrality scores are frequently considered "central" in a network because they are readily accessible to others and can rapidly disseminate information or resources throughout the network. Bodolica and Spraggon have the highest closeness centrality scores (1), indicating that they are central nodes in the network. Additionally, Kellermanns, Carney, Duran, and Calabrò have relatively high scores for closeness and centrality. PageRank assesses the significance of an individual based on the number and significance of their connections to other individuals. Individuals with a high PageRank score are frequently regarded as "influential" in the network due to their extensive number of high-quality connections. Kellermanns has the highest PageRank score (0.0456), meaning they are the most influential people in the network. Minichilli, Guzmán, and Sacristán-Navarro are a few additional people with relatively high PageRank scores.

### 4.4. The intellectual structure of research

It is feasible to undertake an analysis to show the most influential articles in the field of corporate governance in family firms (see Figure 5). The overall number of citations that these publications have received, the number of citations that they have received in a single year, and their normalized citations can be used to evaluate the influence that these works have had. The total citation (TC) per year metric quantifies the average frequency with which a research article has been referenced in subsequent years after its initial publication. The research paper written by Gomez-Mejia et al (2011) has the highest number of citations, which is 1,232. This total of citations (TC) suggests that the paper has continually garnered citations since its first publication. The computation of the normalized TC measure entails the division of the TC per-year value by the mean citation rate of all articles published within the corresponding year.

The paper authored by Ali et al. (2007) has a more pronounced citation impact compared to other papers released within the same year. In contrast to the remaining works, the citation metrics of the paper of Anderson and Reeb (2003), exhibit a notable decrease in the last years. This may be attributed to the age of the paper or the interest of the topic, which could have been superseded.

**Figure 5.** The most cited documents




Source: Biblioshiny using Scopus database

Also, highlight the citation metrics of the articles written by Lubatkin et al. (2005) and Maury (2006). These works have contributed to a certain extent to the advancement of their disciplines, although their impact is not as great as that of the publications indicated previously. The papers written by Barontini and Caprio (2006) and Fernandez and Fogli (2006) have similarities in their citation metrics, although the latter study has a higher normalized TC metric, suggesting a higher influence in the year of publication of the study.

The article by Chen and Hsu (2009) should also be highlighted, which continues to accumulate citations since its publication. This may be the case due to its applicability to currently active research projects or its ability to close a knowledge gap.

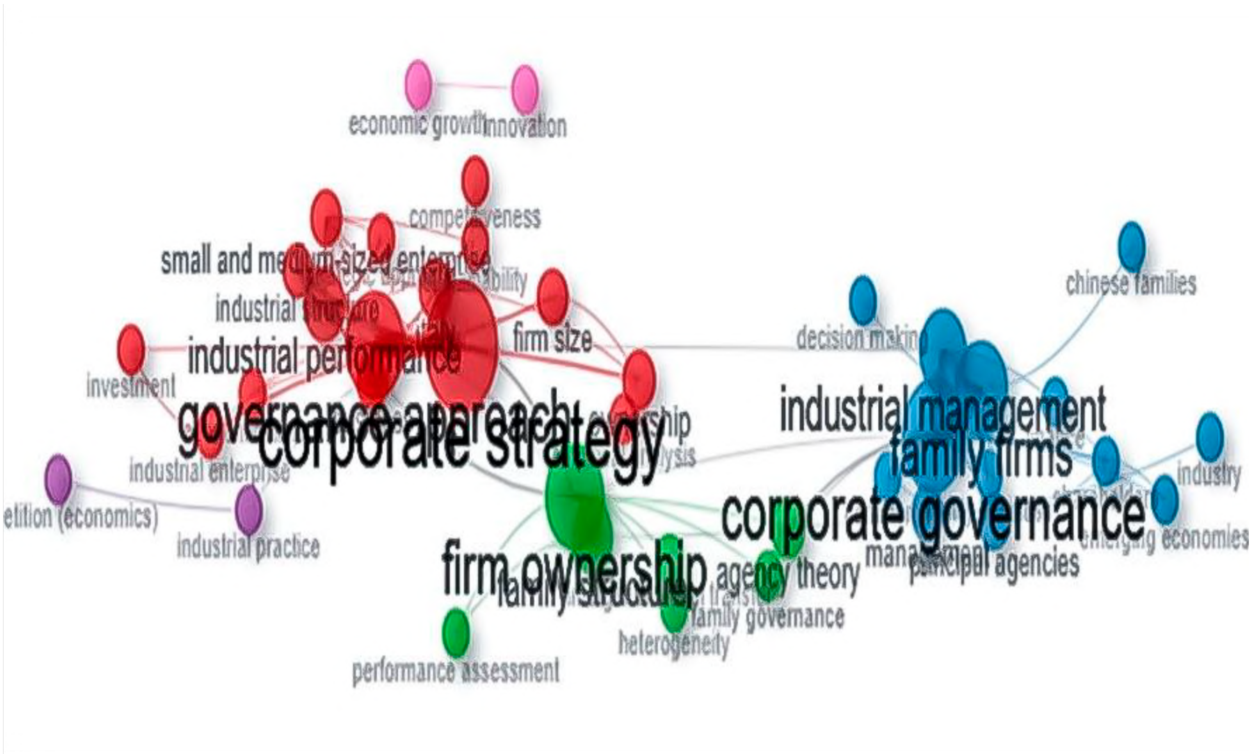
### 4.5. The most popular themes

#### *4.5.1. Co-occurrence networks*

The dataset is presented in the form of a co-occurrence network, in which each node represents a concept and the edge between any two nodes shows the frequency with which those concepts co-occur in a certain setting. As Figure 6 shows, three key nodes have a major influence on connecting the networks. They are corporate strategy (red color), corporate governance (blue color) and firm ownership (green color). Corporate strategy serves as a very significant intermediary in the exchange of information or influence between other small nodes in the network (15), such as governance approach, industrial performance, Italy, industrial structure, ownership, small and medium-sized enterprises, empirical analysis, industrial enterprise, strategic approach, sustainability, competitiveness, economic history, and investment. Corporate governance serves as link between 12 nodes in the network, such as family firms, industrial management, management, decision-making, family firms, finance, principal agencies, shareholders, Chinese families, commerce, emerging economies, and industry. Firm ownership, although its betweenness centrality value is lower than the other two nodes, has also a significant role in connecting other nodes in the network. It serves as link that facilitates the interaction between six nodes, such as family structure, agency theory, performance assessment, family governance, heterogeneity, and intergenerational transfer.

There are other residual nodes outside the three key nodes such as industrial practice, competition, employee, human, board independence, corporations, economic growth, and innovation.

**Figure 6.** Co-occurrence networks




Source: Biblioshiny using Scopus database

*4.5.2. Thematic map*

Figure 7 shows four thematic quadrants that emerge from the analysis according to the density and relevance of the themes. The analysis is performed semi-automatically by examining the titles of all references and keywords.

The theme of the upper right quadrant is dense and significant. The themes that are driving forces are presented there. It includes themes of innovation, economic growth and competitiveness, as well as the generic themes of corporate governance and family firm. The thematic quadrant in the upper left shows themes that are still poorly developed, but that can be considered topics of interest for future research. It includes sustainability, corporate social responsibility, among other themes. Several topics that have occupied the bottom left position for a long period have experienced a downward trend characterized by low centrality. These are issues linked to employees and human capital. A second group of themes related to capitalism and Eurasia also appears in this quadrant. Finally, in the lower right part, there are fundamental topics in the field of corporate governance in the company, which have high centrality but low density. Business ownership, family structure and management are essential research questions, used as general topics.

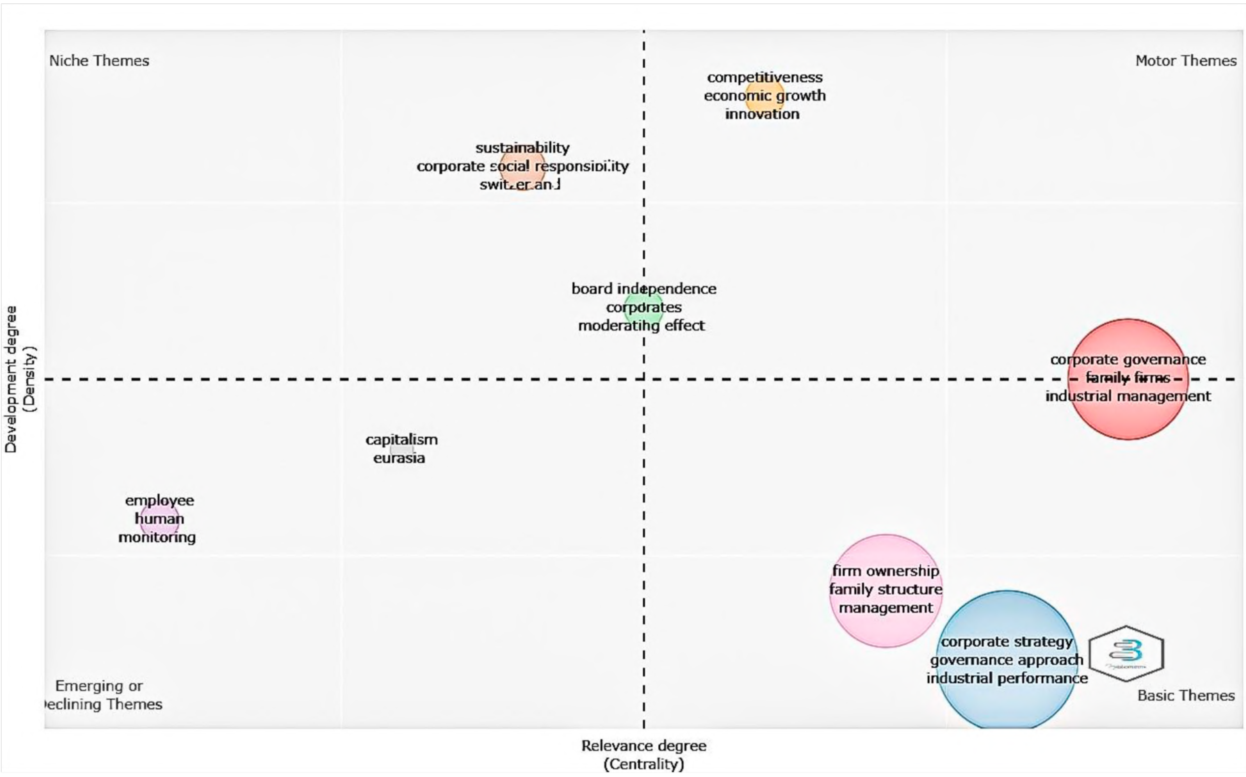
The motif contained within the upper-right quadrant is dense and significant. Consequently, future studies must further deepen and investigate this issue. This quadrant contains the themes of innovation, economic growth, and competitiveness. In contrast, the theme quadrant at the upper left displays uncommon topics that are highly developed. This quadrant's themes include sustainability, corporate social responsibility, and Switzerland. These motifs are dense but of relatively low significance.

Next, a number of topics that have occupied the bottom left position for an extended period of time have undergone a declining trend characterized by low centrality. In this section, it is evident that the first cluster contains fewer references to employees, humans, and monitoring. In contrast, the second cluster contains subjects related to capitalism and Eurasia. Next, at the bottom right, are fundamental issues with high centrality but low density. In the first cluster, firm ownership, family structure, and management are essential research issues since they are often used as general topics. Basic topics related to strategy are also included, including corporate strategy, governance approaches or business performance.

### 4.6. Conceptual structure map

The conceptual structure of corporate governance in family firm research between 1998 and 2022 is reflected in the bibliometric map shown in Figure 8. Factorial analysis provides insight into the relationships between keywords. This analysis allows showing a two-dimensional graph that uses the distance to reflect the similarity between the keywords. The objective of the analysis is to identify and search for similarities or dissimilarities between terms, which allows their categorization based on shared characteristics. The results indicate that a significant proportion of terms is concentrated within group 1, while group 2 exhibits a comparatively smaller number of terms. This suggests that keywords in cluster 1 exhibit a high degree of similarity, whereas keywords in cluster 2 demonstrate a greater level of dissimilarity. The dimension 1 (Dim 1) encompasses various aspects of corporate management and governance, such as corporate strategy, governance methodology, corporate governance, family firms, firm ownership, management, family structure, performance, firm size, structure, ownership, small and medium-sized enterprises, strategic approach, and vulnerability, among others. The dimension 2 (Dim 2) includes terms such as family governance, heterogeneity, agency theory, empirical analysis, etc. The factorial analysis may help researchers in gaining a deeper understanding of the key factors and concepts in the field of corporate governance in family firms.

**Figure 7.** Thematic map




Source: Biblioshiny using Scopus database

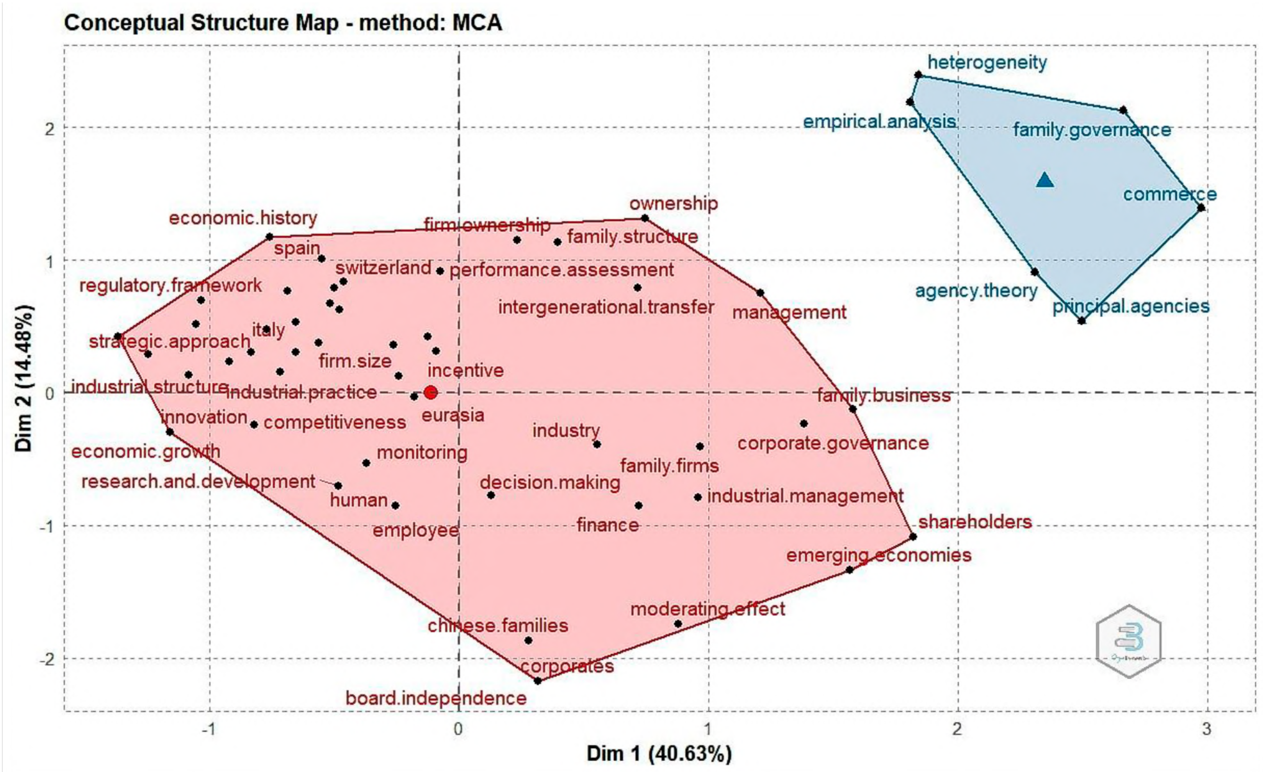
## 5. Conclusions, Implications, Limitations and Future Research

### 5.1. Conclusions

The current study, building upon and extending the findings of previous research, introduces several novel insights and divergent observations in the field of corporate governance in family firms. In light of these findings, several implications and future research directions arise.

Identifying influential affiliations and prolific authors can foster research collaborations and knowledge sharing within the field, promoting interdisciplinary perspectives (Bargoni et al., 2023; Boukhabza & Ouhadi, 2023) that can help to increase the quality of publications (Chen & Liu, 2023; Nautiyal & Pathak, 2023). Given the international significance of corporate governance in family firms, encouraging collaboration among researchers from different countries can lead to a more comprehensive understanding of this subject (Enciso-Alfaro & García-Sánchez, 2023). Moreover, recognizing influential authors such as Kellermanns, Minichilli, Guzmán, or Sacristán-Navarro, among others, can guide collaborative efforts for impactful research (Eddleston et al., 2018; Guzmán, 1997; Kellermanns et al., 2008; Minichilli et al., 2016; Sacristán-Navarro et al., 2011; Sun et al., 2023). The observation of international collaborations underscores the global relevance of corporate governance in family firms and the potential for cross-cultural insights (Kessler & Zipper-Weber, 2023). Further exploration of collaboration dynamics, including the nature and outcomes of collaborations between influential individuals, as well as an investigation into the factors driving international collaborations and their impact on the field, should be pursued (Daradkeh, 2023; Tarba et al., 2023). Lastly, continuous monitoring and analysis of collaboration trends are essential to identify shifts and emerging patterns in the field (Georgiou et al., 2023).

**Figure 8.** Conceptual structure map




Source: Biblioshiny using Scopus database

### 5.2. Implications

The implications of this research hold significant relevance for both researchers and practitioners. The encouragement of collaboration among researchers from different countries is underscored as crucial for achieving a comprehensive understanding of the research field, highlighting its potential for generating valuable cross-cultural insights (Enciso-Alfaro & García-Sánchez, 2023). The recognition of international collaborations emphasizes the need for further exploration into collaboration dynamics (Kessler & Zipper-Weber, 2023).

At a practical level, this study delves into variations in author productivity and geographic contributions. The analysis illustrates the diversity of contributions from the United States, China, Italy, Malaysia, and Spain, among others, emphasizing the global relevance and scholarly interest in corporate governance in family firms over time. The practical contribution lies in offering practical knowledge for researchers, practitioners, and policymakers, helping in the strategy development and strategic decision-making.

### 5.3. Limitations

It is imperative to acknowledge the inherent limitations of this analysis. One notable constraint stems from the reliance on data sourced exclusively from the Scopus database. This approach may introduce a potential bias, as non-indexed publications or those in languages other than English might be inadvertently overlooked. Furthermore, while citation counts serve as a conventional metric for research impact, they may not holistically encapsulate research quality. As emphasized by Che-Hassan et al. (2023) and She et al. (2023), considerations of factors such as practical relevance to practitioners are crucial. The temporal scope of the analysis, encompassing publications from 1998 to 2022, presents another limitation. This timeframe may result in overlooking recent developments within the field of corporate governance in family firms. Additionally, the analysis may not fully capture collaboration networks and partnerships that exist beyond the confines of the dataset, as highlighted by Martinez-Alonso et al. (2022). Despite employing network centrality measures to glean insights into collaboration dynamics, it is essential to acknowledge that these metrics may fall short of capturing the complete complexity of relationships and collaborations, as posited by Santos et al. (2023). Furthermore, the use of the term "family firm" in the research query might introduce a degree of narrowness. Future research endeavors could benefit from employing broader terms such as "family business" or "family-owned enterprise" to ensure a more comprehensive exploration of the subject matter.

### 5.4. Future research agenda

Recognizing the limitations of this analysis, future research should consider several avenues. Diversification of data sources is crucial, involving exploration beyond the Scopus database to include non-indexed publications and documents in languages other than English. Moving beyond traditional citation counts, the development of alternative metrics or methodologies to assess research quality is recommended. This entails taking into account factors that are practically relevant to practitioners, guaranteeing a comprehensive assessment of the actual impact of research in this field.

Moreover, it is imperative to broaden the chronological scope of analyses in order to incorporate contemporary advancements in the discipline. Research that allows us to go into cooperation networks is also recommended. It is essential to use qualitative aspects to examine recent developments, conduct comparative studies, and explore interdisciplinary approaches (Minichilli et al., 2010; Pandey et al., 2023; Ramos Cordeiro et al., 2023).

Qualitative dimensions may not be fully captured by quantitative metrics. Therefore, a more holistic understanding of collaboration dynamics is needed. Lastly, terminological expansion in research queries is vital to ensure a more inclusive exploration of the multifaceted nature of corporate governance within familial structures. Finally, these directions aim to overcome limitations and contribute to a nuanced and comprehensive understanding of corporate governance in family firms. Embracing diverse methodologies, data sources, and terminologies will guide the ongoing evolution of research in this dynamic domain.

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**Appendix.** Top 75 relevant journals

| Element | h_index | g_index | m_index | Total Citation |
|---|---|---|---|---|
| Family Business Review | 70 | 115 | 3.5 | 13450 |
| Entrepreneurship: Theory and Practice | 43 | 69 | 2.15 | 7655 |
| Journal of Family Business Strategy | 40 | 64 | 2.86 | 4809 |
| Journal of Family Business Management | 21 | 28 | 1.61 | 1234 |
| Journal of Business Research | 19 | 36 | 1.16 | 1346 |
| Journal of Business Ethics | 15 | 23 | 0.78 | 1192 |
| Journal of Small Business Management | 15 | 18 | 0.78 | 1023 |
| Journal of Small Business and Enterprise Development | 13 | 23 | 0.72 | 560 |
| International Journal of Entrepreneurial Behaviour & Research | 12 | 22 | 0.75 | 510 |
| Small Business Economics | 11 | 14 | 0.91 | 1141 |
| Business History | 10 | 15 | 0.67 | 243 |
| Management Research | 9 | 13 | 0.82 | 195 |
| International Journal of Entrepreneurial and Small Business | 8 | 9 | 0.4 | 392 |
| Corporate Governance: An International Review | 7 | 7 | 0.39 | 440 |
| European Journal of Family Business | 7 | 12 | 0.87 | 171 |
| International Journal of Entrepreneurial Venturing | 7 | 12 | 0.5 | 228 |
| International Journal of Entrepreneurship and Small Business | 7 | 11 | 0.41 | 169 |
| Journal of Corporate Finance | 7 | 9 | 0.41 | 1397 |
| Journal of Management and Organization | 7 | 8 | 0.43 | 379 |
| Entrepreneurship and Regional Development | 6 | 7 | 0.43 | 704 |
| European Management Journal | 6 | 7 | 0.3 | 203 |
| Human Resource Management Review | 6 | 6 | 1 | 156 |
| International Entrepreneurship and Management Journal | 6 | 13 | 0.38 | 210 |
| International Journal of Entrepreneurship and Innovation Management | 6 | 8 | 0.43 | 93 |
| International Journal of Gender and Entrepreneurship | 6 | 7 | 0.4 | 194 |
| International Journal of Management Practice | 6 | 8 | 0.37 | 78 |
| International Small Business Journal | 6 | 6 | 0.33 | 590 |
| Journal of Developmental Entrepreneurship | 6 | 7 | 0.37 | 330 |
| Journal of Family and Economic Issues | 6 | 8 | 0.33 | 148 |
| Journal of Small Business and Entrepreneurship | 6 | 9 | 0.37 | 116 |
| Management Decision | 6 | 8 | 0.33 | 195 |
| Review of Managerial Science | 6 | 9 | 1 | 173 |
| Sustainability (Switzerland) | 6 | 14 | 0.86 | 220 |
| Asia Pacific Journal of Management | 5 | 6 | 0.47 | 172 |
| Business Strategy and The Environment | 5 | 6 | 1 | 139 |
| European Journal of International Management | 5 | 10 | 0.5 | 142 |
| International Journal of Wine Business Research | 5 | 7 | 0.45 | 56 |
| Journal of Management | 5 | 5 | 0.47 | 779 |
| Journal of Small Business Strategy | 5 | 7 | 0.45 | 58 |
| Management Research Review | 5 | 7 | 0.36 | 74 |
| Strategic Entrepreneurship Journal | 5 | 5 | 0.38 | 343 |
| Academia Revista Latinoamericana de Administración | 4 | 6 | 0.5 | 58 |
| Administrative Sciences | 4 | 5 | 0.67 | 59 |
| Baltic Journal of Management | 4 | 7 | 0.22 | 109 |
| Emerald Emerging Markets Case Studies | 4 | 5 | 0.33 | 34 |

| Element | h_index | g_index | m_index | Total Citation |
|---|---|---|---|---|
| Entrepreneurship Research Journal | 4 | 4 | 0.57 | 20 |
| European Management Review | 4 | 4 | 1 | 59 |
| Global Strategy Journal | 4 | 4 | 0.67 | 341 |
| International Business Review | 4 | 5 | 0.44 | 199 |
| International Journal of Globalization and Small Business | 4 | 4 | 0.2 | 160 |
| International Journal of Management Reviews | 4 | 4 | 0.33 | 348 |
| Journal of Business Strategy | 4 | 7 | 0.36 | 56 |
| Journal of International Entrepreneurship | 4 | 5 | 0.31 | 96 |
| Journal of Management And Governance | 4 | 5 | 0.4 | 87 |
| Journal of Management Control | 4 | 4 | 0.67 | 44 |
| Journal of Management Studies | 4 | 5 | 1.33 | 102 |
| Organization Science | 4 | 4 | 0.33 | 913 |
| Review of International Business and Strategy | 4 | 4 | 0.57 | 64 |
| Strategic Management Journal | 4 | 4 | 0.28 | 421 |
| Technological Forecasting and Social Change | 4 | 7 | 0.5 | 112 |
| Universia Business Review | 4 | 6 | 0.30 | 45 |
| Academy of Entrepreneurship Journal | 3 | 4 | 0.21 | 23 |
| British Food Journal | 3 | 3 | 0.37 | 203 |
| Business Ethics | 3 | 3 | 0.42 | 92 |
| Business Horizons | 3 | 3 | 0.27 | 87 |
| Canadian Journal of Administrative Sciences | 3 | 3 | 0.37 | 43 |
| Chinese Management Studies | 3 | 4 | 0.37 | 29 |
| Corporate Ownership and Control | 3 | 4 | 0.17 | 28 |
| Cross Cultural and Strategic Management | 3 | 4 | 0.5 | 38 |
| Entrepreneurial Business and Economics Review | 3 | 6 | 0.42 | 43 |
| Euromed Journal of Business | 3 | 3 | 0.37 | 79 |
| European Journal of Work and Organizational Psychology | 3 | 3 | 0.3 | 61 |
| Frontiers in Psychology | 3 | 6 | 0.3 | 43 |
| Futures | 3 | 3 | 0.37 | 62 |