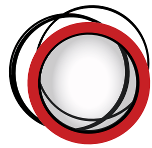

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An Exploratory Study on the Emotional Climate within Family Firms: The Impact of Emotional Dissonance

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Hasselt University, Diepenbeek, Belgium

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JEL CLASSIFICATION
M1, M5

KEYWORDS
Emotions, Emotional climate, Emotional dissonance, Family firms, Qualitative study

Abstract This study focuses on the emotional climate of family firms. In particular, we highlight the expression of emotions by emphasizing the phenomenon of emotional dissonance within these firms. Emotional dissonance, a person-role conflict, originates from the discrepancy between expressed and experienced emotions. Additionally, we look into the role of the (non)family status of the CEO and the generational phase of the firm in the occurrence of the emotional climate. Research on emotions within firms has steadily increased over the years, although almost always neglecting family firms. This is a remarkable observation given the preeminence of family firms in the worldwide economy and the overlap between business and family these firms are confronted with. Through an in-depth qualitative study, we unravel both the impact of family firms' emotional climate and the facets that contribute to this climate.

CÓDIGOS JEL
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PALABRAS CLAVE
Clima emocional, Disonancia emocional, Emociones, Empresas familiares, Estudio cualitativo

Un estudio exploratorio sobre el clima emocional en las empresas familiares: El impacto de la disonancia emocional

Resumen Este estudio se centra en el clima emocional de las empresas familiares. En particular, destacamos la expresión de las emociones haciendo hincapié en el fenómeno de la disonancia emocional dentro de estas empresas. La disonancia emocional, un conflicto persona-rol, se origina por la discrepancia entre las emociones expresadas y las experimentadas. Además, estudiamos el papel de la condición (no) familar del director general y la fase generacional de la empresa en la generación del clima emocional. La investigación sobre las emociones en las empresas ha aumentado de forma constante a lo largo de los años, aunque casi siempre ha dejado de lado a las empresas familiares. Esto resulta sorprendente, dada la preeminencia de las empresas familiares en la economía mundial y el solapamiento entre negocio y familia al que se enfrentan estas empresas. Mediante un estudio cualitativo en profundidad, desentrañamos tanto el impacto del clima emocional de las empresas familiares como las facetas que contribuyen a dicho clima.

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1. Introduction

Family firms are a distinct type of firms and differ in quite a few ways from those without family influence. As such, this type of firm is typically characterized by a lifelong common history, a strong family (firm) identity, a strong long-term orientation, and simultaneous roles (Kets de Vries, 1993; Tagiuri & Davis, 1996). Even though family firms can benefit from this uniqueness as the overlap between management, ownership and family can result in competitive advantages, this overlap might also entail serious challenges for these organizations (Chrisman et al., 2008).

Emotions in particular seem to play a unique role in the setting of family firms. The presence of the family in both personal and professional careers makes it hard for family members to separate emotions felt at the workplace from emotions in their personal lives (Poza & Daugherty, 2014). As a result, family firms are referred to as "emotional arenas" for two reasons (Brundin & Härtel, 2014). Firstly, the overlap between the family on the one hand and the business on the other hand causes emotions to flow back and forth between these two systems, resulting in a strong emotional overtone (Brundin & Härtel, 2014). Secondly, members of family firms typically feel a strong sense of emotional ownership towards the firm, meaning that, besides a financial value, a family firm tends to also have a high emotional value. This can lead to all types of emotions, ranging from anger and disappointment to pride and joy (Brundin & Härtel, 2014). Therefore, it is surprising that only little research has focused on emotions in family firms (Rafaeli, 2013).

In every family firm, individual members' emotions are transmitted to the other members, which results in creating a collective emotional climate that can influence the family firm either positively or negatively (Labaki et al., 2013a). An emotional climate can be defined as the "predominant collective emotions generated through the social interaction of a group's members in a particular milieu" (de Rivera & Páez, 2007, p. 235). As such, it can be seen as an organizational environment created by the organization's values (Yurtsever & De Rivera, 2010). A crucial element of a family firm's emotional climate is how emotions are expressed (Labaki et al., 2013a). People can effectively manage and respond to an emotional experience, a competence better known as *emotion regulation* (Gross, 1998a). As such, they can alter the expression of their emotions (Gross, 1998a). The altering of truly felt emotions to comply with organizational standards is often part of employees' everyday work life and even became the standard in most sectors to increase customer satisfaction and overall image (Morris & Feldman, 1996). People unconsciously use emotion regulation strategies to cope with difficult situations many times throughout each day, as Gross (1998a) states. This certainly applies to family firms, where successive generations have established a strong image for the company and do not want emotions to affect the reputation built (Rau, 2013). When, as a result of the hiding or faking of emotions, a gap arises between the emotions one displays and the emotions he/she actually experiences, there is so-called *emotional dissonance* (Abraham, 1998).

This phenomenon is at least as likely to occur in family firms (Rau, 2013). Family firms are known for their strong traditions and reputation that often create an implicit guideline for employees on how to behave. These traditions are seen as the glue that holds the family together and is often considered untouchable by family members. They usually feel the need to fit into the company and adapt their feelings and emotions to values and norms accepted within the business (Gross, 1998b). Nevertheless, the emotional dissonance potentially arising from this can have detrimental consequences. Hiding genuine emotions and feelings could cause emotional exhaustion, job dissatisfaction, burnout, stress, or worse decision-making, as some opinions will or might not be heard (Abraham, 1998; Labaki et al., 2013a). These are serious consequences that also negatively affect the firm and accordingly should never be overlooked. Given the dominant presence of family firms throughout the world and their distinctive characteristics influencing the way emotions are dealt with, it is surprising to see that barely any research has focused on emotional dissonance in the specific context of family firms (Brundin & Härtel, 2014; Rau, 2013), even though it can form an undeniable threat for the outcomes and continuity of family firms (Labaki et al., 2013a).

Therefore, this study aims to explore the emotional climate of family firms and the factors that influence this emotional climate. In particular, we focus on the facet of emotional expression by emphasizing the phenomenon of emotional dissonance. Through an in-depth qualitative study, we take into account the determinants and consequences of the emotional climate. As such, we incorporate the role of the (non)family status of the CEO. A large portion of family firms is managed by non-family CEOs, which is often necessary for the survival and growth of the family firm (Huybrechts et al., 2013; Kelleci et al., 2019). However, the potential influence this has on the emotional setting of these firms is not clear yet. Moreover, we incorporate the

generational stage of the family firm. While we already know that the succession phases of family firms, in which the firm is transferred from one generation to the next, are characterized by emotions (Umans et al., 2020), we are interested in finding out if the generation managing the firm impacts the emotional climate of the firm. While the topic of emotions is receiving increasing attention in a particular recent family firm literature stream (e.g., Picone et al., 2021; Yezza et al., 2021), up until now, the actual role of the emotional settings of family firms remains rather vague (e.g., Morgan & Gomez-Mejia, 2014; Rafaeli, 2013). By providing in-depth insights into the impact of emotions in family firms, this study makes an important contribution to family firm literature. In particular, we unravel potential determinants of a family firm's emotional climate and, as such, zoom in on the determinants and impact of emotional dissonance, as called upon by Rau (2013), Labaki et al. (2013a), and others.

2. Literature Review

2.1. The emotional climate of family firms

In recent years, the role of emotions in organizations has become an important field for exploration. Management scholars became aware of the significant role emotions play in the organizational setting and their impact on employees (Ashkanasy & Dorris, 2017). It is generally acknowledged that a family firm comprises the family, the business and the dimension of ownership, all having their own tasks and goals (Davis, 1983; Gersick et al., 1997). Although most researchers consistently distinguish family firms from their non-family counterparts based on this family component, only a few have explicitly used this distinguishing factor to examine the impact emotions have in the family firm framework (Carsrud, 1994).

The family subsystem is predicted to have a vigorous impact on the ownership and management and vice versa (McCollom, 2004). This is enabled by blurred boundaries and integration between the different subsystems. Family members often find it hard to separate between their personal and professional lives as the two have become deeply connected. This also entails that emotions might flow from one system to another (Albert & Whetten, 1985). As such, the presence of family in the company creates a unique setting and, as a result, emotions are probably more complicated in family businesses than in other types of organizations (Rafaeli, 2013).

The emotions of individual family firm members are transferred to the other members and lead to the creation of a collective emotional climate (Labaki et al., 2013a). This climate represents how a member of an organization perceives the feelings of the majority of its members in the situation constructed by the organization (Yurtsever & De Rivera, 2010). Contrary to an emotional culture, which is a more stable, deeply rooted organizational structure, a firm's emotional climate is constantly evolving and dependent on, for example, leadership styles and administrative policies (Yurtsever & De Rivera, 2010). As such, the emotional climate refers to the organizational environment created by the organization's values and can be perceived as the current social environment of the organization as seen by the organizational members. On the other hand, the emotional culture can be seen as the structure of the organization rooted in the values, beliefs and assumptions of the firm's members (Yurtsever & De Rivera, 2010). In this study, we particularly focus on the more dynamic one of these two, namely the emotional climate, in the specific context of family firms. Even though emotions drive family firms, affect-related phenomena in the context of family businesses are generally only discussed indirectly (Berrone et al., 2012). As a result, we know little to nothing about the build-up of family firms' emotional climates.

2.2. Emotional dissonance in family firms

An essential facet of a family firms' emotional climate is the expression of emotions since this emotional climate comprises values about the nature of emotions and their importance, the importance of expressing one's true feelings, the type of emotions that should be expressed among family firm members and the way in which these emotions should be conveyed (Labaki et al., 2013b). When employees start adapting their emotions to organizationally desired norms through hiding or faking them, emotional dissonance, described as the difference between expressed and experienced emotions (Abraham, 1998; Hochshild, 1983) might arise.

From a theoretical point of view, the construct of emotional dissonance has its origin in emotional labour theory (Hochshild, 1983). The potential consequences of this phenomenon should not be overlooked. Adjusting genuine emotions could cause stress in the best-case scenario, but general research on the topic has already revealed that the results of emotional dissonance could also go as far as causing burnouts, depressions, or job dissatisfaction (e.g.,Abraham, 1998; Wharton, 1993). Employees faking their true feelings to fit into the company culture thus risk negatively impacting their well-being.

In family firms, family members are expected to comply with both organizationally and family de-

sired emotions. The desired norms of emotional expression may stem from the business system and the family system. For example, family members might want to protect both family and business reputation by prohibiting relatives from expressing negative emotions that would put the family firm at stake (Lansberg, 1988). These rules that are set up to determine what is accepted concerning showing emotions will be quickly transmitted to other family members thus creating a collective emotional climate that influences the business negatively or positively (Labaki et al., 2013a). These framing rules that families can establish are specific to each family and are influenced mainly by long-standing family values and norms. Some families may choose to publicly forbid the expression of conflict and emotions to avoid embarrassing situations (Tagiuri & Davis, 1996). Others try to create reciprocal relationships of trust where emotions are made discussable and people are not forced to adapt their emotions to specific standards (Labaki et al., 2013a).

Most people have no particular problem adhering to these rules and hide their negative emotions at work to avoid conflicting situations. They know that there are different emotional rules at work and home, and in order to maintain their professionalism, suppressing particular emotions is needed (Ashforth & Tomiuk, 2000). When these people feel frustrated at work, they can get those frustrations off their chest at home and have a sincere discussion with their family. Family members active in family firms are not provided with this opportunity as the same values and norms that constitute the emotional climate at work are also the ones to be found at home (Miller & Le Breton-Miller, 2006). The absence of such a safety valve where emotions can be shared with non-relatives could cause family members to hide their emotions regularly and increase their levels of emotional dissonance. Furthermore, these two types of norms are often conflicting and thus ask for contrasting expressions of emotions, for instance, if the family system strives to preserve unity and the prevention of rivalry among its members. At the same time, a business system usually asks for a certain level of competition (Tagiuri & Davis, 1996).

Additionally, the relationships between members of a family firm are not exchangeable (Bee & Neubaum, 2014). This could entail situations where a family firm member is reluctant to show authentic emotions out of consideration for their relative or the firm. Intuitively, one could expect relatives to be more open towards one another and share their emotions (Brundin & Härtel, 2014). However, according to Tagiuri and Davis (1996), relatives do not always express their emotions openly towards each other, especially when it comes to negative emotions. The expression of negative feelings towards a family member might cause conflicts, which carry the risk of damaging both the professional and family relationship and influencing the effectiveness of the family firm (Tagiuri & Davis, 1996). One of the biggest obstacles in family businesses, according to Hubler (1999), is what he calls "a poor expression of feelings and wants." Members of family firms often hide their true feelings because they are concerned with family harmony, because they are scared of the risks of portraying themselves as vulnerable or simply because they have been taught not to express them (Hubler, 1999). Therefore, the genuine display of emotions might be difficult, which thus leads to emotional dissonance (Brundin & Härtel, 2014). This could eventually harm the firm since we already know from general emotional dissonance literature that long-lasting periods of emotional dissonance could provoke stress or lead to other dysfunctional behavior (Schaubroeck & Jones, 2000).

The arguments mentioned above show the disastrous impact emotional dissonance could potentially have on family firms. However, this reasoning was mainly based on findings from general research on emotions in organizations. Up until now, there is no in-depth research on this phenomenon or its consequences in family firms (Labaki et al., 2013a). Nevertheless, due to the more intense, frequent interactions between family firm members, emotional dissonance is highly likely to occur in this type of organization (Rau, 2013). Additionally, existing studies on emotional dissonance from literature still tend to focus on consequences related to individual members' well-being and do not often take into account the effect on the firm's success (Ashkanasy & Gracia, 2014). As such, it is clear that more research regarding this topic is essential.

2.3. The role of the generational phase of the family firm

Only one-third of all family firms survive a generational transfer (Poza & Daugherty, 2014). As each generation wants to put its mark and bring its ideas into the firm, this might clash with the beliefs of previous family members. The launch of the company is characterized by founder-centricity in which the founding member will bring his/her values, norms, and rules into the company, making them the standard for other organizational actors (Kets de Vries, 1993). The founder's centricity results in the transmission of his/her emotional standards to the other co-

workers through emotional contagion (Chrisman et al., 2003). Consequently, founder-centricity might increase the negative effect(s) of emotional dissonance among the other family members as they are implied to comply with norms derived from the founder's characteristics (Labaki et al., 2013b).

At the second stage, emotions become more diffuse as the firm exists out of more than one generation. This stage is considered to be a fertile ground for rivalries that infect family ties between the newcomers in the family firm (Casson, 1999). Emotional norms will not only stem from the founder but relate to both the family and the business to make sure relationships within the family are guided by personal caring rather than economic opportunism (Lansberg, 1988). Family harmony becomes more of a focal point with the danger of family members not displaying felt emotions in order to preserve the reputation of both the family and the business (Lansberg, 1988). Identifying one's self with the family firm has always been a key component of family firms. With the second generation the number of family members increases, who start to focus more explicitly on harmony, with the implication that the negative consequences of emotional dissonance are expected to be strengthened (Labaki et al., 2013a).

The involvement of a third or further generation proves to be a difficult phase. As the family firm moves over from generation to generation, the amount of family members involved in the company enlarges, providing the potential for conflicting relationships to increase even more (Gersick et al., 1997). This is mainly due to the emotions of different cousins' branches that form within the family firm and potentially create a competitive atmosphere (Labaki et al., 2013a). The evolution of emotions in the third generation is one that has not been thoroughly documented in the literature. Overall, we expect the entrance of more generations, and with them more family members, into the family firm to potentially cause some issues (Gersick et al., 1997). Most family firms are not prepared for this extension of the family branch and do not have the right structures or procedures in place to successfully manage this multitude of emotions (Mustakallio et al., 2002). In order to empirically investigate the impact of the generation on the emotional climate of the family firm, we integrate the generational effect within the in-depth interviews of our qualitative research.

2.4. The role of the (non)familial status of the CEO

Within the family firm setting, there are emotion norms designed to protect both family and business objectives (Labaki et al., 2013a). These norms become rooted in the family culture, creating a standard of not expressing negative emotions that would put the family firm under pressure (Labaki et al., 2013a). When family CEOs are at the top of the firm, they carry these rooted norms with them in their daily activities, potentially decreasing the rationality of their decisions. A non-family CEO would have a more neutral point of view and looks at things differently, with the main objective being outstanding business performance. The family aspect would be of less importance to him/her. The non-family CEO is often seen as an intermediator between the family and business system with the aim to increase objectivity throughout the organization (Hendriks et al., 2014). The non-family CEO can ameliorate the company by decentralizing control and decision-making power. However, the influence of the founder will often still be present in the family firm. It is important for a non-family CEO to impose his/her authority towards the family members and employees to make sure employees will not turn to the founder with questions (Davis & Harveston, 1999). This would undermine his/her authority and ability to introduce an objective view into the company. It goes without saying that he/she may never lose sight of family values as these form the foundation of family firms and create a sense of identity among family members that often creates a competitive advantage (Zellweger et al., 2010). The non-family CEO's presence also leaves the firm with a more objective look at emotional conflicts, enabling him/her to make neutral and optimal decisions (Hendriks et al., 2014). His/her objectivity and ability to create relationships of trust might decrease the negative consequences that emotional dissonance evokes. Since the status of the CEO might influence the impact of our main focus, we incorporate this aspect within the in-depth interviews.

3. Research Methodology

This article adopts a qualitative research approach, and specifically case study research as developed by Eisenhardt (1989), to get better insights into the studied phenomenon, emotional dissonance in family firms. Up until now, this topic is not well understood and still lacks comprehensive theoretical underbuilding and therefore requires a methodology that can analyze rich data. According to Yin (2009), case studies have the ability to recognize patterns of relationships across constructs both within and across cases. As the aim of this study is to unravel the consequences of emotional dissonance

in an exploratory manner and, as such, set the basic premises of a new theory, qualitative exploration is favored over quantitative analysis. Furthermore, a qualitative approach is preferred as the study addresses soft issues, which are hard to quantify (Nordqvist et al., 2009). However, to be able to measure the emotional dissonance construct, a small quantitative part was also incorporated in the study.

3.1. Data collection and analysis

The main data collection method employed was in-depth qualitative interviewing. This data collection took place in 2018. In total, more than twenty companies were approached to eventually end up with a sample size of twelve family firms in which we conducted an interview. The average length of these interviews was between 20 and 45 minutes. All participants also signed a confidentiality agreement, stating that the conversations would be recorded and that only those people working on the subject would get insight into these interviews. In order to be fully prepared and ensure a smooth-running, a semi-structured interview protocol was developed in advance. To complement these in-depth interviews, the participants were also asked to fill out a small survey that measured the construct of emotional dissonance. This Emotional Labour Scale (ELS), developed by Brotheridge and Lee (2003), comprises six statements measuring the degree of surface acting. The items of this scale can be found in Table I. Since surface acting induces a discrepancy between expressed and truly experienced emotions, it is this form of emotional labour that causes emotional dissonance (Grandey, 2003). Respondents had to indicate on a 5-point Likert scale how strongly they agreed with these statements, which questioned their hiding and/or faking of emotions. The maximum score equals 15 for both hiding and faking, leaving us with an emotional dissonance measure with a maximum achievable amount of 30.

After the interviews were conducted, they were all transcribed verbatim. The logical next step was the analysis of the retrieved data. Following the approach of Gioia et al. (2013), we first conducted a first-order analysis, resulting in an extensive range of categories or topics that were brought up during the interviews. In the next step, we further analyzed all of these topics and looked for similarities and differences among them, also known as the second-order analysis (Gioia et al., 2013). This resulted in a smaller number of themes that arose during the interviews. Finally, we clustered these themes into even higher-level aggregate dimensions (Gioia et al., 2013). As such, we ended up with four major research themes or dimensions, which will be separately discussed in a detailed way in Section 4 of this article.

3.2. Theoretical sampling

Selection of the right respondents is a detrimental aspect of building theory from interview studies. The most common approach and also the one that was applied in this article is theoretical sampling. This implies that respondents are chosen for theoretical motivations, not statistical reasons (Gibbert & Ruigrok, 2010). The sample of this study consists of 12 family firms situated in the Flemish part of Belgium. An overview of the participants is shown in Table 2. This is in line with Eisenhardt (1989), who claims that at least four respondents are needed in order to allow for the generation of theory. As the article also tries to examine the influence of a non-family CEO and the generational effect, these two criteria were also taken into account when putting together the sample size. All respondents were active family members that operated as business manager/owner or were at least part of the management team. The twelve family firms vary in size and age from first-generation businesses to fifth-generation firms, with various

Table 1. Items of the emotional labour scale

Behaviour (Range: 1 “never” – 5 “always”)	**During interactions with employees**	**During interactions with other members of the TMT**
1. I show emotions that I don’t feel.		
2. I hide my true feelings about a situation.		
3. I pretend to have emotions that I don’t really have.		
4. I show emotions that are expected rather than what I feel.		
5. I resist expressing my true feelings.		
6. I conceal what I’m feeling.		

industries represented in the sample. In order to guarantee confidentiality, the participating companies will remain anonymous.

thing we still have to improve as we still tend to let intuition, emotions, and gut-feeling influence our decisions." (Respondent 2)

Table 2. Overview of respondents

Respondent	Age	Gender	Active in firm for	Member of the ... generation
1	47 y/o	Male	Unknown	2nd
2	29 y/o	Female	1 year	3rd
3	37 y/o	Male	15 years	2nd
4	58 y/o	Male	9 years	1st
5	44 y/o	Female	14 years	2nd
6	51 y/o	Female	18 years	1st
7	47 y/o	Male	8 years	2nd
8	51 y/o	Male	26 years	1st
9	68 y/o	Male	28 years	1st
10	61 y/o	Female	32 years	1st
11	44 y/o	Female	24 years	3rd
12	56 y/o	Male	30 years	1st

y/o = years old

4. Empirical Findings

4.1. Emotions in family firms

First of all, the findings from our interviews provided us with insights into the overall impact of emotions in family firms. We will summarize these empirical findings and provide specific quotes that serve as examples for these particular findings.
Firstly, emotions in the family firm are expected to have a substantial influence on daily operations. The first domain where this emotionality has an impact is the decision-making process. Where non-family firms mainly prioritize rationality in their business choices, some family firms still rely on their gut when making decisions. This emotional influence can unfavorably impact the decision quality as heated and time-consuming emotional disputes might distract families from making the right decisions to make the company grow. This emotionality also causes them to be more tolerant towards employees. Lay-offs don't happen as quickly as family members often have close connections with their personnel and get emotionally attached to them.

"Family firms are indeed different. A lot of decisions are still based on gut feelings and emotions, whilst other companies decide more rationally. We also try to create a familial bond with our employees as the human aspect is very strong and important. If we were to think rationally, we should have fired certain people as the world changes very quickly, but that's not how we operate." (Respondent 12)

"In bigger, non-family firms, things are more structured, and rules are clear. This is something we still have to improve as we still tend to let intuition, emotions, and gut-feeling influence our decisions." (Respondent 2)

"During certain meetings, we would end up discussing our emotions and the business was not addressed. This further enhanced the frustrations that were already present. This really didn't help the company to move forward." (Respondent 8)

Secondly, family firms are characterized by a unique culture based on familial relationships. This culture is mainly determined by the customs of previous generations (Bowen, 1993). Family members inherit certain values and norms that they implicitly carry with them. As they grow up with these habits, it becomes part of their character as well. Examples include working hard and being open towards other family members. However, this works both ways. The interviews show that this generational transfer of customs can also have negative repercussions. When previous relatives were emotionally unstable, closed-off, or had a bad temper, new generations are likely to possess these traits as well.

"My father and I are both very emotional. That is something I inherited from him. This doesn't mean that we cry a lot but that we can be very open towards each other and have sincere talks." (Respondent 2)

"My father was very emotional. One week, I was his favorite child, and the next week he favored my sister. My sister shows somewhat the same characteristics, she is emotionally unstable, and she would constantly display different emotions, depending on what she needed and whom she needed it from." (Respondent 1)

“It’s the nature of our family that emotions don’t play a visible role. Both my father and I try not to openly show all of our emotions at work. We are motivated entrepreneurs and work very hard for the family firm. We prefer not to spend too much time talking with our employees about their emotions as that’s not our strongest point. I think that is a family trait.” (Respondent 7)

The interviews also show that working together with family members on a daily basis makes it hard to have a clear separation between work-related emotions and personal emotions. The overlap of both the family and business system might evoke some conflicts with the risk that disagreements at work could cause displeased family relations (McCollom, 2004). To prevent these confrontations and power struggles, most families try to have clear job descriptions to minimize the amount of work-related interactions. This is an area that still needs improvement in most family firms, as clear structures are often missing or not fully developed. This causes confusion amongst employees, not knowing who is the right person to ask for help, and they eventually end up consulting multiple family members. This often results in conflicting advice, which further increases frustrations between family members. In one case, this even led to brothers not talking to each other anymore and power play at work.

“At the beginning, we had a lot of conflicts. Now, my husband and I both have different functions within the company, which also reduces our interactions. We know what our responsibilities are, and this way, we can limit the number of conflicts.” (Respondent 6)

“Having clear job descriptions and making the right agreements avoids a lot of discussions and emotions. That is why we pay a lot of attention to making sure everyone knows his or her function.” (Respondent 4)

“Our personnel felt and even fed our conflicts. They would come to me to ask a question and then go to my brother, ask the same question and tell my brother the advice I gave him. The advice my brother gave was typically different, and this reinforced our conflicts. We would never have had these problems if we had an appropriate separation of functions. If that had been the case, the employees perfectly knew which question they had to ask to which brother.” (Respondent 8)

According to our respondents, the overlap of personal and professional emotions also further reinforces feelings of identification with the firm as the emotional well-being of family members becomes intrinsically linked to the state of the family firm. This attachment to and identification with the family firm was a frequent talking point throughout the interviews and can also be found in the literature (Björnberg & Nicholson, 2012).

“I do feel that I often identify myself with the firm. I don’t have children, so for me, the company kind of fills that gap.” (Respondent 5)

“I have a daughter, and when she was 5 years old, she blamed me for loving the family firm more than I loved my own daughter.” (Respondent 10)

Another distinctive characteristic of family firms arising from the interviews is the openness between family members. This can have both positive and negative consequences, but at least it gives every member the possibility to express him or herself and gives them the feeling they will be heard. What is remarkable and became clear during the interviews is that this openness that is emphasized by family relatives is not yet embedded among the employees. Family executives try to create a collegial atmosphere and wish to spread this transparent culture across the entire company. However, they are often so busy that keeping up with employees becomes less feasible. Executives sometimes wrongly assume that when they do not hear about problems, everything is going well. They stress that employees are more than welcome to stop by and discuss their problems, but the final responsibility often lies with their personnel.

“As a leader, I want to take care of others’ problems, but of course, I can’t always solve them or know about their existence. Everyone also has their own responsibility to come to me when they have a problem.” (Respondent 5)

“We try to be open towards employees as well, but that remains more difficult. That relationship is different, of course, which makes it more difficult to achieve full transparency.” (Respondent 11)

“I try to make everything discussable with employees and give them the feeling that they will be heard, which is very important! That is not an easy task. Those with whom

you're closer and have a good bond will also be more open than those with whom your understanding is not that great. The latter group will not speak about their problems and emotions as quickly, which also makes it harder for me to stimulate honest conversations." (Respondent 3)

This remains a huge barrier for employees to openly discuss their problems with supervisors and family members as the natural tendency of people is still to remain silent and keep their problems to themselves. Some people are simply less confident taking the initiative to go up to their superiors and openly talk about their feelings. The interviews definitely demonstrated the substantial influence emotions have in family firms. As hard as they try to be rational in their decision-making, emotions still tend to be an important and influential factor. How much of an impact these emotions will have is also dependent on the character of the family members and values and norms within the family. These are likely to be passed on to the next generations creating a long-standing company culture. For most family firms, this implies an open culture where strong and close relationships are maintained. This is a perfect scenario that unfortunately does not hold true for every organization. To prevent conflicts and disagreement between family members, they are often active in separate domains where their interactions are limited. Also, employees are not always incorporated in this open culture they try to attain. Family members find themselves working very hard, leaving little time to have honest and open conversations with their staff. Possibly the best illustration of the role that emotions play in family firms is the way family members talk about the family firm. The dual presence of both family and business systems often causes emotions to flow from one system to another, creating a certain connection. Some will relate to the company to such an extent that they will start to see the company as part of their family.

4.2. Emotional dissonance in family firms

Besides the general findings on emotions in family firms, the interviews also revealed the particular impact of the expression of emotions on the emotional climate of these firms. Just as with the previous theme, we summarize the most important findings and provide some illustrational quotes with them. Additionally, after the interviews were conducted, each respondent was asked to fill out a short survey. Two sets of items were measured; surface acting (hiding emotions) and surface acting (faking emotions). The questions are included in Table 3. The maximum amount achievable on every subcategory was 15. The emotional dissonance construct had a maximum attainable score of 30. Table 3 shows the average scores on the emotional dissonance scale, dividing it into interactions with employees on the one hand and interactions with managers on the other hand.

Before analyzing these findings, we will shortly address why the interviewees argued to alter the expression of their emotions through hiding or faking them. The first reason stems from selfish motivation. Emotions are sometimes manipulated in order to accomplish personal goals, as was also found in the literature review (Lawrence et al., 2011). To get the support of a superior or relative, some people align their emotions with others' expectations to achieve satisfaction (Lawrence et al., 2011). This is particularly the case when multiple family members, experiencing mutual tension, try to win over their parents.

"When me and my brother would have a disagreement, our third brother would start to act as a mediator. Looking back, he was no mediator. He just took that role in order to strengthen his position within the company." (Respondent 8)

"My sister would start crying and act like she was the victim, but she would never tell what she did. She would use her emotions to win over my dad and misuse his trust." (Respondent 1)

Table 3. Mean levels of emotional labour scale

	While interacting with employees		While interacting with TMT	
	Men	Women	Men	Women
Surface acting (hiding emotions)	6.57	9.80	5.50	7.67
Surface acting (faking emotions)	5.14	5.40	5.50	5.33
Emotional dissonance	11.71	15.20	11.00	13.00

A second reason they mention is the fear of "loss of face." Too many employees still feel uncomfortable openly showing their emotions and feelings, especially towards employers who are often also part of the family, as also shown by literature (Lawrence et al., 2011). They worry that this might undermine their credibility or that they will be silenced as their executives have other priorities. This is most likely the wrong assumption as most managers are concerned with the emotions of their employees and are willing to help in case problems might arise. Managers are more than happy to help their staff with their problems, but they consider it the employees' responsibility to go up to their bosses and ask for help. This could prove to be an impediment for those that are less extroverted and don't feel comfortable discussing personal issues with their employers.

> *"After a while, people got scared to show their real emotions and opinions. The family was divided, and the employees were afraid to be shut down by one of the family members and the way we would react." (Respondent 1)*

> *"I think it is very important for managers to be accessible, but it's still also the responsibility of the employees to come and talk to me if something is bothering them. I can't spend all my time talking about problems with employees as I still have a business to run." (Respondent 5)*

> *"Those that are not good at expressing themselves will more quickly hide their emotions, stay at home, and hit rock bottom instead of seeking help."(Respondent 8)*

Most interviewees are part of the management team at their family firm. They consider this function to demand a certain degree of diplomacy. As a result, they often disguise their real feelings, and emotions. They feel that their job requires them to stay professional at all times and emotions have no place in this story. They try to exude stability towards their employees and business partners what usually requires them to suppress their authentic emotions in order to preserve their integrity.

> *"There have certainly been times I wanted to curse, but that's when I have to contain myself. My position also requires me to remain diplomatic and not blindly say what is on my mind." (Respondent 9)*

> *"I have to stay professional. Regardless of how I really feel, I always have to be positive. This does entail the risk that employees will realize I am hiding my emotions and feel obliged to do the same. However, this risk does not outweigh the negative repercussions of a CEO who walks through the corridor with emotional fluctuations, that is simply not done." (Respondent 11)*

After analyzing why family firm members engaged in emotional dissonance, the obtained data from the short supplementary survey are examined. A first remarkable finding is that the average level of emotional dissonance, measured by the questions in the survey, is considerably higher for women than it is for men. Female respondents state during the interviews that emotionality is simply part of their nature and is a personality trait. They emphasize emotions more than men do and have more difficulties not letting their emotions influence their daily lives. As they are more emotional, they have to make bigger efforts to hide their emotions and not let this affect their work and status, which also explains their higher score on the emotional dissonance scale. Men confirm this and admit that they will resort more quickly to women to discuss their emotions. Conversely, it is also more difficult for male managers to be available for female colleagues with problems.

> *"I can imagine that when more women are active in a company, there is also more room for emotionality. I think women will emphasize emotions more as this is part of their nature." (Respondent 7)*

> *"I do feel that when employees have problems, they will come to me, not my husband. With my husband, you can't discuss emotions. He doesn't have them, or at least he does not show them." (Respondent 10)*

> *"For men, it is difficult when women have problems. They won't show their emotions or discuss them with men as quickly, which makes it hard for me to help them." (Respondent 3)*

A second finding relates to the way in which the expression of emotions is altered. On average, the respondents are more likely to hide, not fake, their emotions. They put on a mask to hide their feelings and, according to the findings from our interviews, this eventually becomes an automatic reflex when they feel a bit down. As family members are closely watched by the employees and seen as role models, they try to set an example and spread a positive vibe within the company. A possible explanation here could be the leading position of the interviewees. Nearly

all respondents have an executive role within the family firm and consider hiding negative emotions part of their job. They are expected to behave professionally as emotions should not influence their day-to-day operations. It is remarkable how many interviewees assume emotions and professional behavior to be incompatible.

> *"At work, people expect you to behave professionally. As I am part of the family, people will closely observe my behavior. Therefore, I will try to look happy even when I don't feel that way. I will not show my real emotions to some people because I think that is a bit inappropriate." (Respondent 2)*

> *"Whenever I feel pressure to perform well and work hard, I have a tendency to be less friendly and quickly annoyed. I then put on a mask to hide these emotions, but I will not pretend to be someone I'm not." (Respondent 3)*

The slightly higher levels of emotional dissonance when interacting with employees in comparison with the top management team also relate to this argument. The management team is most likely dominated by family members, creating a more comfortable environment where openness is self-evident, and it is natural to show emotions. This shows that family members have distinctive relationships with employees and relatives. Even though they try to create a familial atmosphere, the openness towards their fellow family members is not always translated to non-family staff.

> *"It is much easier to work with family members. You can be completely honest with them and be straight to the point. You know they will interpret your opinion in the best way possible." (Respondent 2)*

> *"My husband will definitely criticize me more than a normal employee would as we are very open towards each other. We discuss our emotions, also at home, but this does not happen within our staff. They don't tell us everything and rarely talk about their personal lives even though we do try to make them talk." (Respondent 6)*

> *"I think if my dad was still active in the company, the family relations would also become clear in our meetings. I would criticize his ideas more rapidly and enter a discussion than I would with a non-family employee." (Respondent 7)*

Our interviews did not only reveal the motives behind the adjustment of the expression of emotions, potentially leading to emotional dissonance, they also revealed the consequences of this emotional dissonance. Again, the main findings will be summarized, illustrated by a few specific statements from the interviews.

While the literature part of this study already mentioned that the role of emotions tends to be neglected in family firm research (Labaki et al., 2013a), our interviews show that also in practice, emotions are still not always a top priority in most family firms and that the majority of managers do not pay that much attention to emotional dissonance. This negligence could prove to be a dangerous attitude as the consequences of emotional dissonance are not to be underestimated, illustrated by the following paragraph. When asked about the possible consequences of emotional dissonance, the interviewees almost immediately made the link to mental health consequences such as depressions and burnout. They recognize that continuously hiding or faking authentic emotions takes its toll on people. When they never speak up and can discuss their emotions with others, they will start to feel frustrated and not feel comfortable with themselves anymore.

> *"I think that in the long term, such a situation is unsustainable and will eventually lead to burnout or depression." (Respondent 5)*

> *"I think you should be careful with emotional dissonance. It will start to influence the lives of those people and even affect their quality of life. They will get tired, maybe even depressed, and they will end up at home to rest." (Respondent 9)*

> *"If you lie to yourself and act like you are someone else, these people will end up in a very dark place and get depressed, unhappy with themselves." (Respondent 2)*

Furthermore, our interviews showed that emotional conflicts between family members might be detrimental to their underlying relationships. This is where the openness that is attributed to family firms might actually have negative repercussions. At first, relatives will be able to openly discuss their problems and emotions, which could already lead to heated debates and contradictory opinions. Typically, emotions will start to dominate even the smallest discussion what undoubtedly creates frustrations among family members. These dialogues are nearly always based on the same arguments, causing these people to lose

their patience, eventually suppress their emotions and avoid their relatives.

> *"In certain discussions, I really felt the same emotions coming up and thought here we go again. No new arguments were made. They were always the same arguments based on the same old emotions that started to dominate the conversation. In the end, we rarely spoke to each other anymore." (Respondent 8)*

> *"Every meeting led to disagreement. We started fighting about the littlest of things. These conflicts dragged on and became bigger and bigger all because some family members needed things to go their way." (Respondent 1)*

Such a situation where family members do not get along anymore, and even the smallest disagreement leads to a large discussion soon becomes unmanageable. They realize that their conflicting ideas and visions make further cooperation impossible, and in the interest of the company, they often decide to split ways by means of a buyout. This certainly is an extreme outcome but not as unlikely as one might imagine it to be. A buyout does not only end the collaboration of these family members at work. Their numerous encounters and clashes often leave deep wounds that have devastating effects on their family relations as well. Some family firms realize the potential danger of working together with family members and want to avoid family conflicts. They do not want emotions and disagreements to affect their relationships and choose to buy out their relatives even before they start working together.

> *"Having gone through all those conflicts and having bought out my brothers, I learned from the past. I don't want to go back to a situation with two, three, or more bosses. That is why I have decided to only allow my son to become active in the family firm ." (Respondent 8)*

> *"Familywise, we sacrificed a lot for our business. I had to buy out both my sister and brother-in-law for me to find peace and for the company to really start growing again. With that money, my sister started a competing company and even started lawsuits against myself and my brother, who is not even involved in the company. Once you find yourself in a negative spiral, it's nearly impossible to get out of it." (Respondent 1)*

> *"I am really happy that I can lead this company on my own. I also have a sister with whom I have a very good understanding, but I would never be able to work together with her. I decided to buy her stake in the family firm, and she started her own company, which I think was very important for us to maintain our excellent relationship." (Respondent 5)*

These family members often feel relieved when their relatives finally leave the company. They can finally implement their own vision and start to think about the future. In the past, these periods of continuous disagreement and internal problems tended to shift the focus from establishing a healthy, growing business to solving these struggles. These familial issues occupy a lot of time and effort, time the company could have used to improve the company and achieve higher growth. It is not even necessary for the family members to be personally involved in these disputes. Most interviewees are also executive directors at their company. When there are conflicts within the company, it is their responsibility to address these problems and try to solve them. As these conflicts start to pile up and become more numerous, the time needed to deal with them increases and distracts managers from leading their company to new heights.

> *"When my sister was no longer active in the company, we finally started making plans to grow and further develop the company. We created a management team and hired a coach to help us with our plans." (Respondent 1)*

> *"Whenever there is a conflict, I try to speak to everyone involved and listen to their story. It's important to do this and make time for this. You should be careful not to make a conclusion too fast when you haven't yet heard everyone's side of the story." (Respondent 9)*

The findings from our interviews also show that when family members do not talk to each other anymore, this does not only affect their underlying relationship but could also affect the employees. If family members regularly hide their emotions, they unwillingly create a closed culture where employees are afraid to openly speak their minds. These employees will start to think that emotions are not discussable and accepted within the company and hide their emotions as well. Eventually, they will start to feel uncomfortable with the situation they are involved in, decide

to continue their career elsewhere, and leave the company. Those people that do decide to stay are presumably followers who like to have someone steering their actions, and critical voices will disappear within the company.

> *"If you don't involve your employees in your life and emotions, you can't expect them to be open themselves. Their commitment and involvement could decline, and they will not feel comfortable in the company anymore. They will quickly leave, and that way you can lose valuable employees." (Respondent 12)*

> *"Some really good employees have left the company due to the situation of the family and they even came back after six or seven years when peace returned to the company." (Respondent 1)*

> *"You can't let such a situation endlessly continue. They will start to efface themselves, and when that happens, they realize they have no more added value and are better off leaving the company." (Respondent 8)*

The opposite is also a plausible outcome. When employees observe that their bosses are closed-off, they will be tempted to follow their example and also keep their emotions private. If this becomes a habit, this could severely impact their quality of life. These workers will become less productive, might even end up in depression, or see their performance deteriorate. Employers incorrectly assume that they are "bad" employees and neglect the possibility they just don't feel that well. Managers do not see why they should keep them on board and could decide to fire them.

> "*The performance of those that keep their emotions private will decline, and they often get fired. The real reason why they performed poorly often only becomes clear after their dismissal, which is a shame.*" (Respondent 2)

> *"The productivity of those that engage in emotional dissonance will definitely drop." (Respondent 3)*

> *"Everyone must dare to say his opinion. We have to move forward as a company. What is the added value of yes man? Nothing!" (Respondent 9)*

What managers can learn from this study is that the consequences of hiding or faking emotions and the emotional dissonance arising from it thus go far beyond burnouts or depressions. What they tend to overlook is that it can also have serious consequences for the company. Managers still play an exemplary role, and their behavior largely determines the attitude of employees. When they are closed off and keep emotions to themselves, employees will be inclined to follow their example. Not everyone will feel comfortable in such a culture. Some will automatically drop out, and others will see their performance suffer and risk being fired. In family firms, the relationships between the family members are often much closer. When disagreements emerge, they will give their sincere opinion much quicker, which can lead to frustrations and enhance conflicts. They do not only put their business at stake. Family relations are also likely to suffer when they cannot find a way to solve these disagreements. These conflicts occupy a lot of time that cannot be put into the company to make progress. Companies that did experience these conflicts indicated that this made collaboration much more difficult and ultimately decided to split up by means of a buyout.

4.3. The role of the generational phase of the family firm

Besides the focus on emotional dissonance, our interviews also took into account the impact of the generational stage of the family firm on the emotional climate in this firm. The transition from one generation to the next one is seen as one of the most challenging events a family firm will face as this proves to be an emotional step for the transferor and implies new leadership to take over (Umans et al., 2020). The main empirical findings concerning this topic are shown below.

There seems to be somewhat of a consensus among respondents that when more generations become active in the family firm, more branches of the family will make their introduction into the firm, and conflicts are more likely. Contradictory opinions and potential conflicts become more of a possibility and increase the likelihood of familial problems. We previously described that this might lead to family members not talking to each other and higher levels of emotional dissonance. Preceding paragraphs explained why this could cause such harm to family firms. With possible results, including a higher staff turnover, lower growth rate, and irreparable family relationships, correctly dealing with this diffusion of multiple relatives in the firm is crucial.

> *"The more family members become active in the family firm, the higher the chance that your beliefs might clash, of course,*

what could lead to conflicts. That is what we avoided by buying out my brother. If this hadn't happened, that would have meant that the next generation would have existed out of 6 family members. I would not like to be in their shoes." (Respondent 7)

"I think that if my children and my brother's children all become active in the company, that would be too much. Those children are raised differently what could lead to different ways of working what could create tensions. It will be hard for them to change their customs and find conformity." (Respondent 12)

"I don't believe in the concept of a branched family firm. That won't work. With your brother and sister, you can be more honest and open than with your cousins. You have a closer relationship with them also because you are raised together." (Respondent 2)

To prevent these emotional conflicts from ruining both family and business, the creation of structures and clear agreements are called for. An interesting observation was that those firms that pay particular attention to modifying the relationship between family members are more successful in avoiding tensions and family feuds. It is self-evident that if the number of active family members represented in the family firm starts to increase, it becomes more of a challenge to get everyone to adhere to these agreements.

"I have already made agreements with my family to avoid misunderstandings. Everyone knows what they can and can not do when I'm gone. I hope that if more generations get involved, they are smart enough to do the same thing and lay down some ground rules." (Respondent 9)

"If the next generation wants to join the family firm, it will be very important to correctly guide and help them. We would try to solve those problems by creating a family charter and make clear agreements." (Respondent 11)

"The more children, the more important it becomes to have a clear separation between them. We have to watch over them and help them. I really think it is important that family stays family and we make agreements to avoid problems. We already have a family charter, for example. If all 6 children want a role within the family firm, we will also have to create some requirements for those that want to be active in the management team." (Respondent 3)

Multiple respondents argued to find it more difficult to work together with cousins than it is to collaborate with sisters or brothers. Surprisingly, most companies where we did find emotional dissonance to influence daily operations were run by brothers and sisters. They have a tendency to be more open towards one another, but they also spend most of their childhood together. If they never got along well, there is a high probability things will not work ou either in the family firm. The close relationship between brothers and sisters entails more numerous encounters, which might not be opportune when this relationship is already diluted. Whether the cooperation between family members will be productive or not could be largely influenced by these past conflicts and frustrations. Eventually, these former frictions will surface again and impact their relations at work. Once again, these disputes are usually based on underlying emotions and increase the likelihood that negative consequences will be the final outcome. Those companies that have experienced family feuds do seem to learn from this. They claim that they will actively guide the next generation to prevent them from making the same mistakes and ensure that emotional conflicts do not appear within the company.

"Within our family, we have no history of conflicts. I have always had a good understanding with my dad, brother, sister, uncle, and cousins. I think that such previous feuds could have a lot of influence, especially if they have left lasting scars." (Respondent 2)

"I always had a good bond with my brother, but I quickly recognized that he was not the type that likes to work hard. That did bother me, and I always thought we were never going to be able to work together. This turned out to be true as he is no longer active in the company." (Respondent 7)

"The collaboration with my brothers has not always been great. Now, I'm the only one still active, and I have learned from previous mistakes. That is also what I want to make clear to my son to prevent him from making the same mistakes as we did." (Respondent 8)

"We have definitely learned a lot and had to do it the hard way. I would spend years preparing my daughters for the tough job that awaits them. Today I clearly see the

> *mistakes my dad made, and I can put things into perspective." (Respondent 1)*

Which generation is active in the family firm might not be the main concern for families. The interviews showed that frustrations and also emotional dissonance occurred in all generational stages. At some point, emotional conflicts and disagreements between family members seem unavoidable. It is a matter of having the right institutions installed and agreements made to deal with such a situation. This becomes even more crucial when the number of generations active in the family firm increases and disagreements will undoubtedly occur. Most importantly, they should learn from their mistakes and draw lessons to make sure history does not repeat itself.

4.4. The role of the (non)familial status of the CEO

Finally, we were also interested in the impact the (non)family status of the CEO running the firm would have on the emotional climate of this particular firm. According to the literature, the main motivation for family firms to hire a non-family CEO is to introduce objectivity into leadership (Hendriks et al., 2014). Our interviews show that this might hold true concerning investments and strategy as they will prioritize the business system and less consider the family side. In case that a family conflict would break out, this external CEO might function as a mediator and give his/her objective opinion to calm down those involved. This might help in the beginning, but eventually, he/she will also become emotionally attached to the family, and his/her help will be of less use. Perhaps the biggest downside of hiring a non-family CEO is that his/her relationship with the employees will be less collegial. The distance between leadership and staff will increase and create an extra hurdle for employees to remain close with their managers. What typifies family firms is the closeness between all different members and feelings of trust.

> *"At a certain point, our non-family manager became too emotionally attached to our family, which caused us to look elsewhere for objective input." (Respondent 1)*

> *"I think I would have more difficulties with a non-family CEO. Someone who completely separates work and private lives and is not open would also never be accepted within the company." (Respondent 2)*

> *"I find it hard to have a non-family CEO at the top of the company. He does things differently than we would. I don't have the same bond with him as I have with my dad, and I feel there is a larger distance between us." (Respondent 3)*

The majority of respondents that took part in this study are the managing director of their family firm. They all envisage an important role for the CEO to set a good example. The way the CEO deals with his or her emotions and problems will also impact the mindset of the employees to a large extent. They know that employees will observe them closely and copy their behavior, hence why they feel more inclined to distort their negative emotions as they do not want these emotions to adversely impact employees' performance.

> *"Regardless of how I really feel, I must always feel good and behave accordingly." (Respondent 11)*

> *"I do think you have to set an example. You can't expect people to do certain things you don't do yourself." (Respondent 7)*

> *"The CEO certainly plays an exemplary role. I do try to show my real emotions and create an open culture. I do see that those people that still work here are those that fit into that culture. The others have already left." (Respondent 4)*

Noteworthy is that leading the business was not mentioned as the main job by most CEOs participating in our study. Making sure that all noses point in the same direction and being an accessible leader is more important to them. They all realize that the welfare of employees is just as crucial to their firm's performance. That is why most managers try to create an open culture where everyone feels comfortable speaking freely. The way they treat their employees is symbolic for family firms. They may be the leader of the firm but do not try to let this influence their relationship with their staff. To them, the firm is an extension of the family, and they try to position themselves amongst the employees to stimulate the feeling of collegiality. The main fear when hiring a non-family CEO is that this person will put him or herself above the rest, meaning that this familiarity will perish.

5. Discussion and Conclusion

With this study, we aimed to explore the emotional climate within family firms and, as such, deliver important insights to the scarce knowledge on emotions in family firms (Bee & Neu-

baum, 2014). Through a qualitative study, which consisted of in-depth interviews with 12 family firm respondents, we first unraveled the general role of emotions in family firms a bit further. Our interviews show that the influence of emotions in family firms is often stronger than in their non-family-owned counterparts, where rationality is the basis for most decisions. No matter how hard these family firms try to have an objective look at things and not let familial considerations affect their business, only a few successfully achieve such separation. We found that in some way, emotions almost always interfere with rationality and play a significant role in the family firm.

Within the emotional climate of family firms, we were especially interested in the expression of emotions and, in particular, by the role of emotional dissonance. Up until now, the existing literature on emotional dissonance has mostly ignored the family firm setting (Labaki et al., 2013a). To prevent negative emotions from influencing their daily operations, a lot of family firms constitute emotion rules that stipulate how emotions should be expressed (Labaki et al., 2013b). Typically, they urge family members to hide negative emotions in order to avoid internal conflicts and maintain family harmony, which increases the risk of emotional dissonance emerging. The findings of our interviews revealed that women are more inclined to engage in the hiding and faking of emotions, leading to such emotional dissonance, than men. Women are more emotional in nature and have a larger tendency to suppress their emotions, especially negative emotions (Simpson & Stroh, 2004). Secondly, those interviewees that indicated to experience emotional dissonance were more likely to hide their emotions rather than faking them. Most respondents were managing directors at their firm and find it natural to hide their real emotions as part of their job. They can not afford to let their emotions influence the way they manage the company as they claim this might lead to irrational decisions.

When studying emotional dissonance, most researchers still tend to focus on the individual consequences it could provoke (Ashkanasy & Gracia, 2014). The most commonly found outcomes are mental diseases such as burnouts and depressions (e.g., Wharton, 1993). Our empirical research supports these findings, as the first thing most respondents mentioned when asked about the consequences of emotional dissonance were indeed burnouts and depressions. This study also revealed some new interesting findings that focus more on the impact of emotional dissonance on internal family relationships and firm performance. Generally, contrary to what we found in the literature review of this study (Tagiuri & Davis, 1996), relatives are more open towards each other and share their feelings, but when frustrations start to emerge, this openness could backfire. Negative emotions and feelings will also be part of the conversation, and tensions might start to arise. At a certain point, most family members will get frustrated with their relative(s), hide their authentic emotions, and avoid these people. The outcome is an endless discussion that removes the family's focus from trying to make the company grow to solve these family troubles. These conflicts create an unpleasant work environment and make family members feel uncomfortable working together anymore. A frequent decision these families make is to buy out the other family members to try and bring back harmony within the company, as also mentioned by Rau (2013). These broken relationships within the family affect not only the family itself but also non-family employees. They usually get dragged into these conflicts, which distracts them from their actual work. Fearing that this unsustainable situation might hold back their career, they leave the firm in search of better opportunities. Another possible outcome is that the emotional conflicts at the top of the company create a culture based on fear where employees are afraid to show their real emotions. This could drastically impact their performance and well-being, which eventually even leads to a lay-off. Both situations are plausible, but the outcome remains the same, an increase in staff turnover.

The introduction of a new generation is a crucial phase for every family firm (Umans et al., 2020). The amount of family members active in the company expands, and they all have different views on how the firm should be run. This increases the likelihood for opinions to clash and emotional conflicts to emerge. These conflicts could eventually turn into family feuds where relatives will deliberately avoid each other. When their relationships are broken, they will also keep their emotions to themselves and increase their levels of emotional dissonance. The number of generations that have already survived this transfer and are still active in the company might however not be the prime concern for family firms. When working together with family members, it is very likely that at some point, opinions will not coincide, which will result in altercations. It is a matter of having the right institutions installed to correctly assess and deal with such a situation. Clear agreements between family members are essential to avoid miscommunications and further arguing.

Typically, one way to have an objective look at family disputes is by hiring a non-family CEO (Hendriks et al., 2014). He/she might prevent

family members from starting useless discussions and maintain family harmony. This external CEO could be the one that relatives could go talk to without having to fear their opinion might be wrongly received by their family. This way, he/she could enhance open communication and reduce emotional dissonance. The interviews taught us that an external CEO could indeed be helpful in case that there are internal struggles, but overall, his/her impact is not really convincing. Often, a non-family CEO creates a sense of psychological ownership towards the family firm (Huybrechts et al., 2013) and, as a result, becomes emotionally attached to both the family and the firm, which jeopardizes his/her unbiased judgment. Furthermore, they will emphasize feelings of familiarity less, and emotions are not a top priority for them. This enlarges the distance between family members and employees on the one hand and the non-family CEO on the other. This distance often withholds others from discussing their problems with the CEO. Feelings and emotions will be kept private more often, which creates a breeding ground for emotional dissonance and its consequences to negatively impact the family firm.

To conclude, this study contributes to family firm literature by providing clear, empirically underbuilt findings on the unique role of emotions in this setting, something family firm scholars have repeatedly called for (e.g., Kellermanns et al., 2014; Morgan & Gomez-Mejia, 2014; Rafaeli, 2013). Previously, research focusing on emotion-related phenomena in family firms tended to focus on constructs as socioemotional wealth but only provided limited insights on the meaning emotions as such have for this type of firm (Morgan & Gomez-Mejia, 2014; Shepherd, 2016). Even though an increase in interest in the research topic of emotions in family firms is now noticeable, there is still a lot of unraveling to do when it comes to fully understand the unique emotional context of family firms, and, with this study, we have taken an important new step. Additionally, our study contributes to the general literature on emotional dissonance as well by finally unraveling family firm-specific determinants and consequences of the phenomenon (Labaki et al., 2013a).

Besides an important theoretical contribution, this study also entails implications for practice. First of all, it shows the importance of awareness among family firm managers/owners on the presence of emotions in their firm since emotions influence even the most rational organizational processes (Maitlis & Ozcelik, 2004). Moreover, it clearly indicates the importance of creating an emotional climate that stimulates the authentic expression of emotions. A good start would be for the managers/owners to lead by example through genuinely expressing their own emotions since the emotional cues of leaders are often picked up by other employees and set an important example for the behavior that is expected from them (Van Knippenberg & Van Kleef, 2016).

6. Limitations and Avenues for Further Research

The findings of this study did reveal some new, interesting insights with regards to emotional dissonance and its consequences for family firms. However, our study had several limitations. Firstly, the research was carried out in a Belgian context. To detect geographical differences, new research should be conducted in other countries. A second limitation relates to the fact that emotions are still a sensitive topic that not everyone feels comfortable discussing. Although most interviewees were very open, we still have to consider the possibility that not all interviewees have been completely honest or withheld some information. Overall, we expect this not to influence the results too heavily. If the respondents were not eager to discuss emotions, they probably also would not have agreed to have a conversation and take part in this study.

Something that could also have had an impact on our findings is the fact that the vast majority of interviewees were the managing director at their firms. They regularly mentioned that this leading position requires them to be emotionally stable and not let emotions influence their work. In order to meet the criteria of a good leader, they claim to hide their negative emotions and try to spread positivity across the company. This automatic reflex could introduce a bias into our study and lead to higher levels of emotional dissonance as they feel required to hide negative emotions because of their status. Therefore, we recommend the next study to also include family members that are not active in the management team. This also leads us to the next and final recommendation, the inclusion of non-active family members or non-family employees. This study only included active family members, but it would be interesting to see how non-family employees experience emotions in family firms. The respondents all claimed to try and establish a familial atmosphere. Whether employees feel the same way about this and how this affects their display of emotions would be an interesting experiment. Non-active family members could be included as well to find out if their non-activity is due to emotional reasons or a career-based decision. We can conclude that there are several limitations that keep us from generalizing our findings, but that also has never been the main purpose of this study. Family firms were

mostly ignored when researchers investigated the consequences of emotional dissonance in the business setting. This study tried to fill that gap and introduce the family firm as an interesting area. This exploratory study did reveal some new insights that could stimulate the debate concerning emotional dissonance in family firms and provide a framework for further (quantitative) research.

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Family Firm Heterogeneity and Its Effect on Strategy. The Case of the Spanish Wine Sector

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Abstract This research aims to cover some of the existing gap in the strategy of family firms literature, taking into account the heterogeneity of these kinds of firms. We use a logit regression methodology in order to analyse the relationship between the strategy selected by the family firm and its performance, and whether differences exist, depending on the degree of family involvement in the firm. In order to test our hypothesis, we use a sample of Spanish firms from the wine sector. Our results show that Porter's cost strategy is positively related to performance for all type of family firms, and that a Miles' analyser strategy is positively related to performance in family firms, although the effect of this strategy loses its impact as the degree of involvement of the family in the firm increases. It has also been shown that Miles' reactive strategy, in family firms with more than fifty per cent of family involvement, negatively influences performance. In short, the results show that the strategy chosen by the family firm depends on the degree of property owned by the family.

CÓDIGOS JEL
M1

PALABRAS CLAVE
Heterogeneidad empresa familiar, Estrategia de Porter, Estrategia de Miles y Snow, Performance

Heterogeneidad de la empresa familiar y su efecto en la estrategia. El caso del sector vitivinícola español

Resumen El objetivo de la investigación es cubrir alguno de los gaps existentes en la literatura sobre la estragia de las empresas familiares, teniendo en cuenta la heterogeneidad de dichas empresas. Se utiliza un análisis logit para analizar la relación entre la estrategia seleccionada por la empresa familiar y sus resultados, y si existen diferencias dependiendo del grado de implicación de la familia en la empresa. Para testar nuestras hipótesis se utiliza una muestra de empresas vitivinícolas españolas. Nuestros resultados muestran que la estrategia en costes de Porter está positivamente relacionada con el performance para todo tipo de empresas familiares, al igual que la estrategia analizadora de Miles, aunque el efecto de esta estrategia pierde su impacto cuando aumenta la implicación de la familia en la empresa. También se muestra que la estrategia reactiva de Miles, en las empresas familiares con más de un cincuenta por ciento de implicación de la familia, influencia negativamente el performance. En resumen, los resultados muestran que la estrategia seleccionada por la empresa familiar depende de la proporción de propiedad poseída por la familia.

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1. Introduction

Research into different aspects of family firms shows contradictory results. The most commonly used theoretical frameworks for the study of the family firm are the Agency Theory, the Resource-Based View (RBV), the Stewardship Theory (Mitter *et al.*, 2014) and the Socioemotional Wealth Theory (SEW) (Gómez-Mejía *et al.*, 2007). The fact that there is not a common definition of what a family firm is, leads to contradictory results, as well as the fact that the studies are carried out using samples of firms from different countries and sectors. This makes it difficult to compare the different results obtained, as the factors affecting those firms could be different between countries and sectors, and this might make the decision-making process different for the different firms (Alkaabi & Dixon, 2014; Martinsons *et al.*, 2017).

Traditionally, the literature has studied the differences in behavior between family and non-family businesses (FB and NFB), and sometimes no differences have been found. This leads us to consider that the differences might not only be between family and non-family firms, but between different types of FBs. In consequence, lately, some studies are analysing the heterogeneity of FBs and how this affects their decisions, although more research is needed in this direction (Comino-Jurado *et al.*, 2021; De Massis *et al.*, 2018). This paper tries to fill some parts of the existing gap in analysing the heterogeneity of FBs and how this affects their chosen strategy, depending on the degree of family involvement.

We will consider a sample of Spanish wineries. We have selected these kinds of firms because the wine sector has unique characteristics and the Spanish wine sector has some properties that make it especially interesting (Ferrer *et al.*, 2020). The wine industry is firmly rooted in Mediterranean traditions, including Spain, where it accounts for a large part of agricultural production. Spain is the country with the largest surface area of vineyards in the world, 966 kha in 2019, which accounted for 13.1% of the world's surface (OIV, 2020). It is the world's third producer (37.3 million of hectoliters in 2020), and wine represents 2.2% of the Spanish gross added value. The wine industry also helps to fix population in rural areas, where there is an important depopulation process, generating 427,700 jobs (2.4% of total jobs in Spain) (http://www.fev.es/sector-cifras/). But as production stabilizes in the world (around 292 million hectoliters in 2018), there is a reduction in consumption in Spain that has gone from 14 million hectoliters in the year 2000 to 10.5 million hectoliters in 2018 (OIV, 2019), leading the sector to a considerable increase in foreign trade and competitiveness between companies. Wineries have to export around 70% of this production (Serrano *et al.*, 2018). In Spain there are almost 4,300 wineries (http://www.fev.es/sector-cifras/), more than 97.6% of these firms are small (Ferrer-Lorenzo, 2018), and 60% are FB (Soler *et al.*, 2017). In this environment of great competitiveness, all companies must improve their governance and management to be able to endure, including those FB that develop their activity in the wine sector. It is important to point out that the wine sector is especially prone to the FB, which is why the wine business has a close relationship with tradition, culture, values, and property (Gallucci *et al.*, 2015).

The objective of this study is to determine which are the strategies adopted by wine companies in Spain, and whether there are differences between family firms depending on the degree of involvement of the family in the business.

In order to answer this question, a study has been conducted among 339 wine companies in the sector, where 168 are considered FB, with different degrees of involvement of a family, in terms of percentage of shares in their capital. The resources and capabilities of these firms, their strategies and their results have been studied, taking into account both the market and their financial performance.

This article is organized as follows. The following section analyzes a review of the literature and proposes the hypotheses. Section 3 includes the description of the sample and the methodology. Finally, section 4 discusses the results, and section 5 shows the discussion, conclusions and limits of the study.

2. Literature Review and Hypothesis

2.1. Strategy

Since the emergence of the use of the concept strategy in the business arena with Von Neuman and Morgensten (1945) linked with the Theory of Games (Ansoff, 1965), different authors have tried to develop a theory of strategy from different points of view. Ansoff (1965) considers that strategic decisions have more to do with the external problems of the business rather than with the internal ones. In turn, these decisions consist of the adaptation of the firm to the environment in order to decide which products to produce and which markets to serve. During the 80s, Porter wrote two books about business strategy, "Competitive Strategy" (1980) and "Competitive Advantage" (1985), where he proposes an Industrial Organization approach to argue that the element which drives the firm to competitive advantage is its environment. In 1998, Mintzberg, Ahlstrand

and Lampel published their book "Strategic Safari", defending the existence of ten different schools of strategic thought, with different visions of the concept of strategy. Due to Mintzberg's criticism of Porter's approach, the latter published a new book in 1996, "What is strategy?". Here, he reconfigured his previous proposal and defended that strategy is doing things differently to rivals or doing similar things in a different way. In the 90s, the concept of strategy was included in the resources and capabilities approach. In that decade, the main business strategy was innovation. In the first decade of the 21st century, the attention moves to business models, which include strategy in its definition, and in the second decade the focus shifts to the idea of changing from sustainable competitive advantage to transitory sustainable advantage (Planellas, 2017).

In this article we consider two important Schools of thought in the literature from those different approaches that have studied the strategy of the firms: Miles *et al.* (1978) and Porter (1980, 1985). The first is less static than the second, since it is more adapted to business reality and its environment (Mintzberg, 2009). It has been used by several authors for the analysis of business strategy (Akman *et al.*, 2015; Camisón *et al.*, 2007; Lin *et al.*, 2014; Walker, 2013). In the wine sector, Duquesnois *et al.* (2014) and Ferrer *et al.* (2019) studied the production strategies in the French and Spanish wine sector, respectively, using the Miles and Snow typology.

Miles *et al.* (1978) try to solve three "big" problems of organizational adaptation (entrepreneurial, engineering, and administrative problems). They developed a general model called "adaptative cycle" (Ferrer-Lorenzo *et al.*, 2018), which considers that firms, in order to face this cycle, follow three different success strategies. These lead them to be defenders, analyzers, prospectors or reactors. Each typology has its own strategy to be connected with the market and generates a particular configuration, structure and process consistent with the marketing strategy. The fourth is considered a failure to adapt to organizational problems (Ferrer-Lorenzo *et al.*, 2018).

Porter´s (1985) model is based on the characteristics of the industry in which the firm operates and considers that the decision about the company's position in the industry determines the competitive strategy of the firm. He differentiates two generic strategies which can lead the firm to achieve a competitive advantage: cost leadership and differentiation. The company must choose whether to use these strategies for the entire market or for a certain segment of the market, so this is a third strategy. The firm will achieve a competitive advantage if it is able to find a position from which it can defend itself against five industry forces. These are the intensity of the rivalry between actual competitors, threat of substitute products, threat of new competitors, and the negotiation power of both customers and suppliers.

Porter's model is the most widely used approach (Brenes *et al.*, 2014; Ruiz Ortega, 2010; Spanos & Lioukas, 2001) but it has been criticized due, mainly, to the difficulty in recognizing intermediate situations (Capbell-Hunt, 2000; Gilbert & Strebel, 1988). Newton *et al.* (2015) used Porter's strategies in their study of the wine industry and found that SMEs tend to be more proactive and develop new products and markets more easily, focusing on differentiation (Ferrer-Lorenzo *et al.*, 2018).

2.2. Family business and strategy

Family businesses possess a number of resources and capabilities, as well as characteristics, which make them unique and different from NFB. This is due to the influence of the family in the business (Acquaah, 2013; Hoffman *et al.*, 2006). Some of the characteristics which differentiate FB from NFB are its long-term orientation, strong internal spirit, higher personal commitment to the firm, ease to transmit and accumulate specific knowledge, possibility to establish internal control systems and to have a "family language" which allows them to communicate more efficiently and exchange information with more privacy. They try not to get external financing but to reinvest profits, so that the FB supports a lower level of debt than NFB, although this makes it more difficult for them to grow. FB take decisions more rapidly than NFB, they have a higher level of commitment to quality, as the name of the family is in the brand. They also have a strong relationship with suppliers, with other external stakeholders and with employees (Abella, 2007; Daily & Dollinger, 1993; Habbershon & Williams, 1999; Miller *et al.*, 2009; Salas & Galve, 2003; Tagiuri & Davis, 1996). All these characteristics determine that the strategic orientation, strategies implemented by these kinds of firms and in fact, the whole strategic management process, are different from those developed by NFB (Astrachan, 2010; Chrisman *et al.*, 2005; Harris *et al.*, 1994; Ward, 1988). This is due to the influence of the family in the business (Moores, 2009; Ward, 1988) and the impossibility of separating strategy from the family objectives, meaning that FB strategies are, in the long run, more unified and committed to achieving them (Habbershon & Williams, 1999). But the empiral research that compares FB and NFB strategies throw up contradictory results. Some authors such as Ward

(1997), Donckels and Frölich (1991), Daily and Dollinger (1993), Gudmundson *et al.* (1999), consider that the processes of strategic planning, and the resulting strategies, significantly vary among FB and NFB. However, other authors find no significant differences between the strategies of FB and NFB (Daily & Thompson, 1994; Sharma *et al.*, 1997; Westhead, 1997).

FB have mainly been studied from the point of view of the RBV, Agency Theory and Stewardship Theory (Mitter *et al.*, 2014), as well as from the SEW (Gómez-Mejía *et al.*, 2007).

The RBV considers the FB as an entity that has differential resources inherent to its condition, such as human capital, social capital, capital survival, patient capital and governance structure. This may have a positive or negative impact on its performance and its competitive advantage (Diéguez-Soto *et al.*, 2015; Dyer, 2006; Mazzi, 2011).

The agency costs due to the separation between ownership and control, lead to controversy in the studies about FB. Some researchers consider that these costs are smaller for FB, due to the coincidence of property and management in the same family, which facilitates the coincidence of objectives and flexibility (Agyapong & Boamah, 2013; Dyer, 2006; Zahra, 2005). But others consider that “altruistic” or “particularism” attitudes of managers focused on interests cause agency costs (Dyer, 2006; Mazzi, 2011) or even due to the maintenance of incompetent managers (Diéguez-Soto *et al.*, 2015; Gómez-Mejía *et al.*, 2011). Some argue that these agency costs can also occur between groups of proprietary partners, curtailing the rights of those who do not have access to management because they are in the hands of the majority family (Dyer, 2006; Mazzi, 2011).

The third approach, the stewardship theory (Corbetta & Salvato, 2004), considers that family management sometimes minimizes the search for business profit and the immediate return for its shareholders, and focuses on other objectives, such as ensuring the longevity of the business, the relationship of trust and loyalty with the workers, and the relationship of trust with the shareholders (Craig & Dibrell, 2006; Mazzi, 2011). The Stewadrship theory can be seen as an element of paternalistic leadership, fundamentally linked to the founder of the FB. For many authors, this favors the competitive situation of the company, by strengthening the sense of belonging of workers and property (Corbetta & Salvato, 2004; Craig & Dibrell, 2006; Diéguez-Soto *et al.*, 2015). In the FB, sometimes the factor “blood relationship” creates value and it is a limitation to the chosen options, which do not take place in NFB (Dyer, 2006). At the same time, the inclusion of second or third generations in the firm often damages the initial family harmony, transforming the management of the firm into a complicate environment and with legendary confrontations (Dyer, 2006). Several authors have brought to light how the performance of the company decreases when the founder is no longer in the firm (Dyer, 2006; Villalonga & Amit, 2006).

However, the family factor contributes some elements of belonging to a group that do not exist in the NFB. These include the feeling that in the product offered to the client a part of the family culture and of the pride of being part of something, is transmitted to the company, along with behaviors and strategies closer to the differentiation and reinforcement of the brand, often linked to family surnames (Bresciani *et al.*, 2016). There is some pride and offense in the choice and rejection of the option presented, an element that barely exists in NFB. That is why the FB brings very positive elements to business management such as, for example, belonging, pride in a brand, tradition, or cultural features (Dyer, 2006). But on the other hand, the family business also brings negative elements, such as the lack of equanimity, tribal defense, or the need to satisfy family political interests, often away from business management (Dyer, 2006).

Finally, the SEW approach (Gómez-Mejía *et al.*, 2007), considers the family as the decision-making unit in family businesses (Newbert & Craig, 2017). It pays attention to non-monetary rewards such as emotional connections, which can lead to not hiring outside talent but rather family members for top management positions (Lin & Wang, 2021), in order to maintain the control of the business in the family’s hands, although it could lead to lower profitability or higher risk (Gómez-Mejía *et al.*, 2007; Molly *et al.*, 2019). This behavior will limit the resources and capabilities of the family firm (Li & Wang, 2021) but will explain why FB are unique and behave differently from non-family ones (Comino-Jurado *et al.*, 2021).

Despite the important number of studies that have analysed how the family influences strategy, few of them have compared the different typologies of strategies used in FB and NFB and which are more successful. Some examples are Tanewski *et al.* (2003), Madison *et al.* (2014) or Gudmundson *et al.* (1999). Studying the differences between FB and NFB in terms of strategic typology and discovering whether they have the same or different relations to performance, is therefore an area of study.

Previous studies show that, for example, FB tend not to develop international ventures as much as NFB, and this has a negative effect on their performance. However, whereas the fact that they also use a diversification strategy less than

NFB and use less debt, gives them advantages in terms of profit-enhancing (van Essen *et al.*, 2015). The lack of resources in the FB allows them to develop a culture and operating routines which are difficult to imitate (van Essen *et al.*, 2015). In fact, the FB´s diversification strategy lies in growing around personal interests and competencies instead of doing it in businesses which are beyond the knowledge of the family (Carney, 2005; and Gómez-Mejía *et al.*, 2011).

FB seem to prefer product differentiation strategies. These allow for higher selling prices for given costs, as a result of the innovation, which FB seem to practice with better results than NFB. They also diversify markets and sales as a way to reduce risks and to take advantage of market niches with the advantage generated by their higher flexibility and capacity of adaptation (Abella, 2007).

Strategy theory considers that possessing unique resources and capabilities allows the firm to achieve strategic distinctiveness and advantage (Miller *et al.*, 2018; Porter, 1996). This could lead us to suggest that if FB are capable of differentiating thanks to their unique characteristics, they will be able to achieve a competitive advantage. "The FB literature highlights the distinctiveness of family firms and their strategies" (Miller *et al.*, 2013, p. 194), they can develop long-run projects, as they are not restricted by the interests of non-family shareholders (Arregle *et al.*, 2007; Habbershon & Williams, 1999).

The strategic process within the company leads to the definition of objectives, which mark which products to serve and in which markets (Ansoff, 1965; Brenes *et al.*, 2014). The analysis ofthe strategy can be analyzed on the one hand, from the characteristics that surround the company and the choice of a position in the market in search of competitive advantage (Porter, 1980, 1985). In this way, strategy is influenced by stakeholders, who supply the company with resources, and the strategy must make both elements compatible (Miller *et al.*, 2018). And on the other hand, it can also be analyzed from the strategic decisions defined after the analysis of the internal characteristics of the company, the resources and differentiating capacities (Barney, 1991; Besanko *et al.*, 2009).

Porter's typology (1980) establishes three generic strategies: differentiation, costs and segmentation. Miles and Snow (1978) propose a configurative typology, which reflects not so much the position of the company but how it reaches its objectives and defines three success strategies: prospective, analytical and defensive, and one of failure: the reactive strategy.

Both ways of analyzing the strategy have been used within the framework of the FB, sometimes comparing it with the NFB. They are found to be more explicit in their differences in the theoretical approach than in the empirical conclusions. For example, Agyapong and Bohama (2013) conclude that both cost leadership and differentiation, enhance the performance of family hotel businesses in Ghana, with strategic leadership moderating their influences.

Some authors have pointed out that the family business presents a greater orientation towards innovation and brand prestige, as the name of the company is associated with that of the family clan, especially in the wine industry (Gallucci *et al.*, 2015; Gudmunson *et al.*, 2003; Woodfild & Husted, 2017). Porter's differentiation orientation is linked to innovation and designing new products with new possibilities. In this respect, some authors value the best position of the FB, due to its lower agency costs and its governance system, due to their image and reputation (Fuentes-Lombardo *et al.*, 2008; Mazzi, 2011; Miller & Le Breton-Miller, 2005; Miller *et al.*, 2009; Sirmon *et al.*, 2008). However, others estimate that nepotism makes the differentiation-innovation strategy difficult, due to the fact that nepotism hinders the carrying out of controls or systems to ensure quality and that risk aversion hinders innovation strategic positions (Gómez-Mejía *et al.*, 2007; Tanewski *et al.*, 2003). And finally, others assume that there is no difference between the two, with the difference lying in the way that both implement strategies and that it is not their choice (McCann *et al.*, 2001).

But although the literature has shown differences in the behavior and strategy adopted by FB and NFB, empirical work has not always found these differences. This might mean that different types of FBs must behave differently, so that the difference might be seen not only between FB and NFB, but among different types of FBs. This leads researchers to analyse the heterogeneity of FBs in terms of family involvement, and how this affects their decisions (Comino-Jurado *et al.*, 2021; De Massis *et al.*, 2018).

Based on Porter's strategies and the idea that the family influences the strategy of the firm (e.g., Miller *et al.*, 2013), we consider that the degree of involvement will have an effect on strategic decisions. Therefore, these lead us to propose the following hypotheses:

Hypothesis 1*. The degree of family involvement (participation) will determine the strategy chosen by the firm (cost or differentiation), with both being valid to achieve business performance.*

The Miles and Snow typology (1978) does not focus on what the goals of the organization are,

but rather gives more importance to how the firm achieves them and differentiates between three strategies related to success: prospective, analytical, and defensive.

In the environment of the FB, different studies have been carried out on the configurative typology of Miles and Snow, which have thrown up different conclusions. On the one hand, some studies have found no difference between the different types of strategy among FB and NFB (Gudmundson *et al.*, 1999; Lindow *et al.*, 2010; McCann *et al.*, 2001). On the other hand, there are studies which find differences among the two groups of firms, but the results obtained vary among them. For example, whereas Daily and Dollinger (1993) found that FB are defenders and NFB are more likely to be reactors; McCann *et al.* (2001) found, for a sample of Washington state FBs, that 80% of them were grouped into two of the four typologies, prospectors and defenders.

As we have proposed in Hypothesis 1, we consider that Miles and Snow's strategies will also be affected by FB heterogeneity, so that FB might choose different strategies depending on the involvement of the family in the firm. So that the difference lies not only in whether the firm is a FB or a NFB, but also on the type of FB. Therefore, we propose the following hypothesis:

Hypothesis 2*. There is going to be a difference when choosing a prospective, analytical, or defensive strategy, depending on the degree of family participation, with the three of them being valid to achieve competitive advantage.*

As we have argued before, the research on FB has usually been based on the differences between FBs and NFBs (Chua *et al.*, 1999; Nordqvist *et al.*, 2014), but as the results obtained show contradictory results, some authors have pointed out that the reason for this might be the fact that not all FBs are the same, and also that differences might be due to the industry in which the firm develops its activity. This has led researchers, in recent years, to analyse the heterogeneity of FBs (Astrachan *et al.*, 2002; De Massis *et al.*, 2014; Hernández-Linares *et al.*, 2017). We have already argued that this might lead different types of FB to choose different strategies (Porter and Miles and Snow's), but now we would like to point out that this heterogeneity could be responsible for the different performance in different types of FB. In fact, the results from different studies show that a different level of family involvement leads to different results (Arregle *et al.*, 2017; Pacheco, 2017), as well as the sector under analysis (Alkaaby & Dixon, 2014). Therefore, in order to help to fill the gap in this area of study, the following hypothesis is proposed:

Hypothesis 3*. The degree of involvement of the family in the firm has an effect on the relationship between the strategy implemented and business performance.*

And analyzing a sample of firms in the wine sector will also contribute to filling the gap in understanding the behavior of FBs in different industries.

3. Methodology

3.1. Sample

The definition of the universe of companies operating in the wine sector in Spain has been created by means of two databases. The first is the registres of the different protected designations of origin (DOP). The second is the database of the Analysis System of Iberian Balances (SABI), taking those companies that are registered and active in 2015, under title 11.02 of the CNAE (National Classification of Economic Activities) corresponding to "Wine Companies". The final universe was made up of 3,286 entities. Following previous studies (Spanos & Lioukas, 2001), lost data were eliminated, those companies that did not have a valid telephone number or email address. Companies without a firm structure, which existed only as a subsidiary of another wine company, were also eliminated.

In this study, the FB that declares to have a shareholding in a family, regardless of the percentage of ownership that it has (Lindow *et al.*, 2010; Maury, 2006) will be considered as a FB. It is the objective of this study to determine how business competitiveness is modified as the degree of involvement of the family in the ownership of the company varies. This type of orientation is in line with the work of Panikos *et al.* (2015), Gallucci and Amato (2013) and Arosa *et al.* (2009), who demonstrate the lack of a linear relationship between the increase in family ownership and performance.

As a result of this process, the universe of independent companies was reduced to 2,413. The survey was sent by email to general managers, marketing managers and/or production managers with a telephone reminder a month later. At the end of the process, a total of 339 valid responses were received, representing 14% of the total sample, which has been considered a valid percentage for industrial sectors, according to Baruch and Holtom (2008). These data represent

a confidence level of 95% and a sampling error of 4.9%.
Table 1 reports how the total of the sample fits the classification according to the size of the sector that are available in the SABI database. Family Business companies have a smaller number of employees than non-Family Business.
Table 2 presents the volume of wine produced by the wineries that have answered the survey and is referenced in the national total. In the same table, it can be seen that the wineries that have participated in the study contribute to 17.4 % of the total wine produced in Spain, and we show the data for family and non-family business.

FB produced less wine than NFBs.The contribution of FB in the production of wine with respect to the total, according to the data of this study, is around 28%. Regarding bottled wine and referenced to the sample data, FBs accounted for 66.5% of the bottled wine, as can be seen in Table 3. This shows a different situation of the FB in the value chain, closer to consumer, and with an important role in the commercialization of the wine more than in its elaboration.

3.2. Variables

The survey was configured after an extensive review of the literature. The questions and scales

Table 1. Wineries in Spain, according to the number of employees and their percentages, compared to the wineries in the sample between family business and non-family business

Source and type of company		Micro firms (<10 employees)	Small enterprises (10-49 employees)	Medium enterprises (50-249 employees)	SMEs	Larger than 250 employees	Total
SABI data		83.2%	14.5%	0.61	99.8%	0.2%	100.0%
Sample data	Family business	79.9%	19.5%	0.6%	100.0%	0.0%	100.0%
	Non-family business	80.0%	17.1%	2.9%	100.0%	0.0%	100.0%
	Total sample	79.9%	18.5%	1.6%	100.0%	0.0%	100.0%

Source: own elaboration

Table 2. Volume of wine produced for the wineries in the sample

Sample and volume produced		Responses	Volume in thousands of liters	Percentage
Responses about family business and volume	Family business	152	106,184	27.7%
	Non-family business	98	277,266	72.3%
	Total responses	250	383,450	100.0%
Responses about volume but not family business		55	275,156	
Total responses about volumen*		305	658,606	
Volume produced in Spain in 2015 (OEMV, 2016)			3,777,000	
Percentage of total volume of wine produced by wineries that participated in the study				17.4%

Source: own data and OEMV (2016).* 34 wineries have not answered the question in the survey about volume produced, which is the reason why the number of responses is 305 and not 339

Table 3. Bottle volume according to the study sample (family business and no family business)

Sample and bottle volume		Responses	Volume in thousands of liters.	Percentage
Responses about tamily business and bottle volume	Family business	152	56,877	66.5%
	Nonfamily business	100	28,629	33.5%
	Total responses	252	85,506	100.0%
Responses about bottle volume and not family business		58	55,371	

Source: own elaboration

used have been validated in previous studies, focusing on resources and capabilities, business strategy and performance, and are the source of the research. In addition, to justify its application to the Spanish wine sector, a subsequent validation of the survey was carried out among entities, experts and managers related to the Spanish wine sector. The objective was to ensure that the survey was understandable and that it reflected the peculiarities of the industry. The elements that have been considered are presented below.

3.2.1. Dependent variable

Business performance is analyzed following Ferrer-Lorenzo, Abella-Garcés and Maza-Rubio (2017) and Spanos and Lioukas (2001), assessing two dimensions, market and financial performance, and referring to the last three years of the firm's activity. The first dimension shows the external performance of the company, evaluated by its behavior in the market through four items: the volume of sales in euros, the growth of sales volume in euros, the market share in percentage of sales in euros and the growth of market share over sales in euros. The second dimension reflects the internal performance of the company, the income generated in its economic activity (Spanos & Lioukas, 2001), through three items: profit margin, return on own capital, and net profit. On a 5-point Likert scale, the interviewees evaluate the position of their companies with respect to the competition. The vaules of the scale are between 1 to 5, where 1 means that the position of the company with respect to its competitors is "well below average"; 2 "below average"; 3 "average"; 4 "above average" and 5 "well above average". In this study, authors have used subjective scales to determine business performance. Accounting data can be subject to annual variability and may include extraordinary results and movements outside the main activity of the company. Thus, several studies confirm the confluence between subjective and objective scales (Dess & Davis, 1984; Richard *et al.*, 2009; Santos & Brito, 2012) being used in numerous empirical studies (Ferrer-Lorenzo *et al.*, 2018; Ruiz Ortega, 2010; Spanos & Lioukas, 2001).

3.2.2. Independent variables

The evaluation of the business strategy has been carried out using both the Snow and Hrebiniak (1980), method of the paragraph, identifying the typology of Miles and Snow (1978); and Porter's typology of competitive strategies.

In the Miles *et al.* (1978) method, company managers mark which of the four typologies best suits their reality (Cabello-Medina *et al.*, 2000; Camisón *et al.*, 2007; Lin et *al.*, 2014). Table 4 shows the development of the paragraph method for each strategic identification.

Table 4. Measure of strategy type

Strategy	Defining paragraph
Prospector	This type of organization typically operates within a broad product-market domain that undergoes periodic redefinition. The organization values being "first in" in new product and market areas even if not all of these efforts prove to be highly profitable. The organization responds rapidly to early signals concerning areas of opportunity, and these responses often lead to a new round of competitive actions. However, this type of organization may not maintain market strength in all of the areas it enters.
Analyzer	This type of organization attempts to maintain a stable, limited line of products or services, while at the same time moving out quickly to follow a carefully selected set of the more promising new developments in the industry. The organization is seldom "first in" with new products or services. However, by carefully monitoring the actions of major competitors in areas compatible with its stable product market base, the organization can frequently be "second in" with a more cost-efficient product or service.
Defender	This type of organization attempts to locate and maintain a secure niche in a relatively stable product or service area. The organization tends to offer a more limited range of products or services than its competitors, and it tries to protect its domain by offering higher quality, superior service, lower prices, and so forth. Often this type of organization is not at the forefront of developments in the industry. It tends to ignore industry changes that have no direct influence on current areas of operation and concentrates instead on doing the best job possible in a limited area.
Reactor	This type of organization does not appear to have a consistent product-market orientation. The organization is usually not as aggressive in maintaining established products and markets as some of its competitors, nor is it willing to take as many risks as other competitors. Rather, the organization responds in those areas where it is forced to by environmental pressures.

Source: Snow and Hrebiniak (1980)

In order to analize Porter's typology, we use one of the most commonly used models, which try to capture the typology of business strategy: the scale proposed by Robinson and Pearce (1988), and used by Ruiz Ortega (2010), Camisón *et al.* (2007), Simon and Marqués (2005) and Spanos and Lioukas (2001), among others. The scale, developed in 1988, aims to expand the generic strategies of Porter (1980) by facilitating their characterization in the empirical terms of business studies. With the sample under study, we have extracted five components: efficiency, marketing, innovation and development of new products, costs and segmentation. As a whole, these explain 60.66 % of the variance. The results of the different reliability statistics show values within the limits of acceptability, Cronbach's alpha = 0.875 and KMO = 0.862, as Table 5 illustrates.

Table 5. Factor analysis. Strategy of the firm

Variables	Alpha without item	Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Communality
Extremely strict product quality control procedures	0.870	0.704	0.059	0.100	- 0.243	0.136	0.587
Specific efforts to ensure a pool of highly trained experienced personnel	0.866	0.665	0.278	0.207	- 0.023	- 0.005	0.562
Continuing, overriding concern for lowest cost per unit	0.871	0.649	0.062	0.132	0.323	- 0.048	0.549
Major effort to insure availability of raw materials	0.870	0.643	0.254	- 0.071	0.113	0.025	0.496
Extensive customer service capabilities	0.871	0.565	0.015	0.368	- 0.149	- 0.043	0.479
Maintaining high inventory levels (disregard the derivative of the aging of the product)	0.870	0.535	0.189	0.007	0.250	0.260	0.452
Concerted effort to build reputation within industry	0.865	0.518	0.240	0.384	- 0.269	0.293	0.632
Building brand identification	0.867	0.489	0.400	0.236	- 0.233	0.106	0.521
Developing and refining existing products	0.867	0.474	0.207	0.322	- 0.210	0.306	0.510
Promotion advertising expenditures above the industry average	0.869	- 0.012	0.826	0.148	0.158	0.043	0.732
Major expenditure on production process oriented R&D	0.865	0.281	0.766	0.063	0.092	0.130	0.695
Innovation in marketing techniques and methods.	0.866	0.204	0.742	0.226	- 0.058	0.015	0.647
Strong influence over distribution channels	0.865	0.299	0.659	0.223	0.129	0.057	0.593
Innovation in manufacturing process	0.864	0.385	0.443	0.341	0.005	0.253	0.525
New product development	0.868	0.164	0.241	0.790	0.127	- 0.093	0.733
Broad product range	0.870	0.207	0.240	0.727	0.262	- 0.273	0.772
Emphasis on the manufacturing of speciality products	0.869	0.139	0.200	0.680	- 0.209	0.247	0.627
Products in higher priced market segments	0.872	0.143	0.196	0.471	- 0.438	0.404	0.635
Pricing below competitors	0.882	- 0.075	0.105	0.060	0.796	0.129	0.670

Variables	Alpha without item	Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Communality
Products in lower priced market segments	0.879	0.072	0.125	- 0.023	0.786	0.086	0.647
Narrow, limited range of products	0.879	0.203	0.027	- 0.249	0.056	0.773	0.705
Only serve specific geographic markets	0.876	- 0.009	0.106	0.158	0.177	0.715	0.579
Eigen value		6.767	2.275	1.783	1.419	1.103	
% Explained variance		30.758	10.339	8.107	6.448	5.013	
Cronbach's alpha of whole scale		0.875					
% Total explained variance		60.663					
K.M.O.		0.862					
Bartlett Test							
x^2		2557.814					
Gl		231					
Significance		0.000					

Source: Own elaboration

Cost strategy. Nine indicators of the twenty-two defined by Robinson and Pearce (1988) are part of this first extracted component and explain 30.76 % of the variance. This component encompasses the factors that lead the company to take extreme care with the products offered to the customer and ensure implementation of efficient processes.

Marketing strategy. In this second component, we cite five test indicators that explain 10.34 % of the variance. In these areas, business executives demonstrate their concern for and inclination towards the control of different marketing techniques, as a strategy to achieve their business goals.

Differentation strategy. This extracted component explains 8.10 % of the variance and consists of four test indicators: development of new products, a wide range of products, emphasis on special products and high price segment products.

Low price strategy. This factor can be extracted via two indicators with a total explained variance of 6.45 %. This indicates a clear orientation toward offering products of lesser perceived benefit, with a lower price relative to competitors.

Segmentation strategy. This component refers to those companies that choose to compete through a strategy of targeting very few products to a very specific market segment and are more oriented towards high prices. The total variance explained in this case is 5.01 %.

3.2.3 Control variables

Numerous studies refer to the influence that elements such as the size of the company can have on performance. For this reason, the majority of the studies incorporate control variables that help to understand business performance (Ruiz Ortega, 2010; Rubio-Bañón & Aragón-Sánchez, 2002). In this study, we measured company size in terms of assets with seven categories with values ranging from less than 400 thousand euros to more than 20 million euros.

3.3. Model

In order to analyze the business decisions explaining business performance, a logistic regression model has been used, where the dependent variable (Y) is a categorical variable (dummy) that indicates the achievement or not of a positive performance by the firm, which will be explained by the independent variables (Xi). The coefficients of the independent variables (βi) will determine the relationship among the independent and the dependent variables, and its sign, estimating together the probability of the event (Y = 1) (Hoetker, 2007). In our case, Y = 1 refers to obtaining a positive business result, better or much better than competitors. The independent variables are those related to strategies. To measure strategy, seven variables have been used. Two of them refer to Porter's Model: Porter Cost Strategy (Pcs) and Porter Differentiation Strategy (Pds). Another four refer to the Miles and Snow strategy model: prospective strategy (Sp), analyzer strategy (Sa), defender strategy (Sd), and reactive strategy (Sr). We also introduce Marketing Strategy (Ms), as it has been used in previous studies (Brenes *et al.*, 2014; Suárez, 1994). We do not include the strategies referring to low price and segmentation due to their low representativeness. The coefficients of each of

the variables are β_i (i=1 to 10) and they measure the sign and value of the relationship between the independent and the dependent variables. The constant of the equation is α. The quotient is called "odds" and it is the ratio between the probability that the event occurs (business success above the competition), and that the event does not occur.

$$\frac{P(Y=1)}{1-P(Y=1)} = \frac{P(Y=1)}{P(Y=0)} \quad (1)$$

The logarithm of the "odds" is known as the logit function (Hoetker, 2007).

$$\ln\left(\frac{P(Y=1)}{1-P(Y=1)}\right) = \alpha + \beta 1Pcs + \beta 2Pds + \beta 3Ms + \beta 4Sp + \beta 5Sa + \beta 6Sd + \beta 7Sr \quad (2)$$

Business performance is the dependent variable and has been defined as a variable that includes the average of the two scales, market and profitability (Ruiz Ortega, 2010), creating a dummy variable, which takes the value 1 when the firm's performance is better or much better than the competitors; and 0 otherwise.

4. Results

Descriptive statistics (table 6) indicate that 14% of the firms in the sample follow a Mile's prospective strategy, 33% a defender strategy, 35% are analyzers and only 8% are reactive. Table 7 shows the correlation coefficients of the analyzed variables.

Table 6. Descriptive statistics

	N	Min	Max	Mean	Standard deviation
Miles prospector	339	0	1	0.14	0.343
Miles defender	339	0	1	0.33	0.471
Miles analyzer	339	0	1	0.35	0.479
Miles reactor	339	0	1	0.08	0.276
Cost strategy	292	-3.14427	3.27959	0.00	1.000
Marketing strategy	292	-2.74613	2.88162	0.00	1.000
Differentation strategy	292	-2.76680	2.55606	0.00	1.000
Size	310	1	7	2.38	1.299

Table 7. Correlation coefficients

	Performance	Cost strategy	Marketing strategy	Differentiation strategy	Miles prospector	Miles analyzer	Miles defender	Miles reactor	Size
Performance	1.000								
Cost strategy	0.161**	1.000							
Marketing strategy	0.409**	- 0.003	1.000						
Differentation strategy	0.070	0.006	0.029	1.000					
Miles prospector	0.008	0.060	0.111	0.128*	1.000				
Miles analyzer	0.175**	0.037	0.221**	0.157**	- 0.293**	1.000			
Miles defender	- 0.071	0.037	- 0.194**	- 0.167**	- 0.278**	- 0.520**	1.000		
Miles reactor	- 0.144**	- 0.143*	- 0.135*	- 0.098	- 0.119*	- 0.222**	- 0.211**	1.000	
Size	0.283**	0.149*	0.250**	0.151*	0.066	0.162**	- 0.149**	0.044	1.000

** sig 0.01; * sig 0.05

4.1. Logit model for the different types of family business

We analyze the strategy factors that determine the positive result in the FB and NFB, using a logistic regression. We run four different analyses, one for each type of family business, taking into account four different situations: when the family does not own anything (0%, therefore, the case of a NFB), when it owns more than 25% of the FB, more than 50%, and more than 75 %.

The results are shown in Table 8. Regarding the control variable firm size, it is only statistically significant for the NFB sample, but not for the different types of FBs. The positive relationship indicates that, in the case of NFB, larger firms obtain a better performance. For the independent variables, only Marketing strategy is statistically significant and positively related to business performance in all the firm groups analyzed (NFB and the three different FB groups), although we can observe that the influence is more relevant for FBs. We also find some other significant relationships. Firstly, efficiency strategy (costs strategy) is positively related to business performance in the case of the different types of FB (ß = 0.733, ß = 0.741 and ß = 0.676, respectively, and statistically significant at 99% level of confidence), but non-significant for NFBs. Secondly, the Miles' analyzer strategy is positively related to business performance only for the businesses where the family owns more than 25% of the firm (ß = 1.177, $p < 0.1$), so that the firm loses the impact of this strategy on performance when the implication of the family in the firm increases. Thirdly, the Miles' reactive strategy is negatively related to business performance for FBs with more than 25% (ß = - 2.151, p = 0.074) and more than 50% (ß = - 2.079, p = 0.87) of the firm owned by the family. This is a negative strategy, which means that firms should avoid using it. In this case, the negative sign of the coefficient shows a negative relation, meaning that for FBs with up to more than 50% of involvement in the company, the use of this strategy negatively influences performance. We have found no significant statistical relation between innovation strategy (Porter's differentiation strategy), and Miles and Snow's prospective and defensor strategies. Therefore, according to our results, we can accept hypothesis 1, as the selection of Porter's strategy depends on the degree of property owned (involvement) by the family. In fact, we have not found a significant relationship between the differentiation strategy and firm performance, meaning that firms do not use an innovation strategy, which is consistent with the Spanish strategy of selling cheap wine. The significant relationship between a cost strategy and business performance shows that Spanish wineries use an efficiency strategy, which combined with a marketing strategy seems to be stronger. This could be explained by the characteristics of the sector itself, although FBs are more skilled, using both of them. We can also partially accept hypothesis 2, as the Miles and Snow's strategy selected by the firm depends on the family involvement in the business, although the prospective and defensor strategies do not seem to have a significant relationship with business performance, and the effect of the analyzer and reactive strategies have more influence when the involvement of the family in the firm is small. Finally, we can accept hypothesis 3, as the degree of family involvement makes a difference on the effect of the different strategies on business performance.

Table 8. Logistic regression for three different levels of family participation. Dependent variable: business performance

	Non-family business (Family business = 0%)			Family business > 25%			Family business > 50%			Family business > 75%		
Variables	ß	E(ß)	Sig	ß	E(ß)	Sig	ß	E(ß)	Sig	ß	E(ß)	Sig
Porter strategies												
Efficiency strategy (cost strategy)	0.250	1.283	0.313	0.733	2.082	0.007	0.741	2.098	0.008	0.676	1.967	0.015
Marketing strategy	0.577	1.780	0.069	1.269	3.556	0.000	1.146	3.146	0.000	1.101	3.008	0.000
Innovation strategy (differentiation)	- 0.013	0.987	0.955	- 0.075	0.928	0.765	- 0.038	0.963	0.887	0.017	1.017	0.951
Miles and Snow strategies												
Miles prospector	- 0.208	0.812	0.827	0.604	1.829	0.466	0.565	1.760	0.522	0.553	1.739	0.540
Miles analyzer	0.807	2.242	0.304	1.177	3.244	0.098	1.210	3.353	0.110	1.105	3.018	0.150
Miles defender	0.434	1.544	0.546	0.675	1.965	0.369	0.811	2.250	0.309	0.651	1.917	0.425
Miles reactor	- 0.163	0.849	0.850	- 2.151	0.116	0.074	- 2.079	0.125	0.087	- 1.823	0.162	0.139

	Non-family business (Family business = 0%)			Family business > 25%			Family business > 50%			Family business > 75%		
Control variables												
Assets	0.457	1.579	0.055	0.101	1.106	0.633	0.118	1.125	0.591	0.039	1.040	0.863
Classification table	69.8			66.7			67.8			68.8		
-2 lg likelihood	100.150			124.664			117.483			113.537		
Nagelkerkep seudo R2	0.203			0.407			0.372			0.329		
Hosmer and Lemeshow Test Chi 2	8.659			3.455			2.948			4.303		
Hosmer and Lemeshow test sig.	0.372			0.903			0.938			0.829		

Source: own elaboration

5. Discussion, Conclusion and Limitations

The studies that have analyzed the differences between FB and NFB have shown non-conclusive results. This has made researchers think that differences between different kinds of FB might explain why considering FB as a whole sometimes do not show differences between FB and NFB, and this is why these differences between FB have recently been included in the research about FB. Differences between FB is called family firms' heterogeneity and it is a topic that needs further research (Comino-Jurado *et al.*, 2021; De Massis *et al.*, 2018). In this paper we have analysed how this heterogeneity, in terms of family involvement in the business, affects the firm's strategy choice.

The special characteristics of the Spanish wine sector, and the fact that 60% of the firms in the sector are FB, have led us to consider wineries as the sample of analysis, so that in this study we have analyzed the strategies and performance of 339 Spanish wineries.

To analyze the strategy developed by the firms under study, we have considered two different approaches: the one proposed by Miles and Snow (1978) and the one proposed by Porter (1980, 1985). Miles and Snow (1978) proposed the "adaptive cycle" model, which considers that firms can follow different strategies to try to solve three "big" problems of organizational adaptation (Ferrer-Lorenzo *et al.*, 2018). This means that, depending on these strategies, they can be defenders, analyzers, prospectors or reactors. Porter´s (1985) model considers that the competitive strategy of the firm is determined by the decision of the position of the firm in the industry, and that to gain a competitive advantage, the firm can follow two different generic strategies: cost efficiency and differentiation.

But different types of firms will use different strategies and in the case of FBs, the review of the literature has thrown contradictory results when comparing the strategies applied by FB and NFB. Our results in this study have shown that these differences also exist among different kinds of FBs in the wine industry.

The study presents evidence that the relationship between the strategy used by the firm and its performance depends on the degree of involvement of the family in the business. The paper offers theoretical implications. Firstly, when analysing Porter's strategies, we have found out that for the Spanish wine businesses, the use of a cost strategy has a positive effect on business performance for family business with a share participation higher than 25%, but not for those where the family has no property at all. This result is in accordance with other studies, such as Agyapong and Bohama (2013). This reflects the use of an efficiency strategy by Spanish wineries, which has a positive effect on performance which is even stronger when a marketing strategy is also implemented.

Secondly, our results show that the marketing strategy has an effect on performance independently of the degree of family involvement, although this effect is greater for firms when the family has more than 25% of the property.

Thirdly, although previous studies find that in FBs differentiation enhances performance (Agyapong & Bohama, 2013), our results show that this research hypothesis cannot be accepted, as there is no statistical significance between the use of a differentiation strategy and business performance. This result is obtained independently of the type of FB analyzed and also for those firms where the shares owned by the family are 0%. There is no effect on performance due to the differentiation strategy, which means that these firms do not use an in-

novation strategy, which is consistent with the characteristics of the Spanish wine sector, especially when we pay attention to the typology of wine exported, which follows a strategy of selling cheap wine abroad.

Fourthly, in terms of the different strategies suggested by Miles and Snow, the degree of family involvement in the firm also determines the effect of these strategies on business performance. In this case, there is only a significant effect when considering FBs, but even then, only the analyzer and reactive strategies are significant, and only when the involvement of the family is low, and for smaller firms. It seems that when there is little participation of the firm in the business, the strategy improves, as the firm is not as reactive as when the participation is higher. This could be explained by the fact that when the family owns a large amount of the shares of the company, nepotism exists, which affects the strategy and the decisions taken by the family and the firm. This result has also been found in previous research (Gómez-Mejía *et al.*, 2007; Tanewski *et al.*, 2003).

The findings also have practical implications for FBs. They should use analyzer strategies and have a lower degree of involvement of the family in order to improve strategy and to reduce nepotism. Developing this kind of strategy can help FBs in the wine industry to improve performance.

This study has some limitations. Firstly, the use of subjective scales, although different previous studies have demonstrated their validity. Secondly, data refer to a certain period of the firm's life, although in some questions the managers are required to answer taking into account a period of 3-5 years of the firm's life. Thirdly, even though the sample is representative of the population, and it is in accordance to what these kinds of studies demand, it can always be thought that a higher rate of response could strengthen the conclusions of the study even more.

The study has proved the importance of taking FB heterogeneity as a variable under analysis, so future research should continue analysing how this heterogeneity affects other aspects of the firm, such as the firm's innovation and cooperation.

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Employee Silence and Entrepreneurial Orientation in Small and Medium-sized Family Firms

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Abstract This paper aims to assess differences between employees of family and non-family firms regarding their levels of employee silence and their perceptions of the company's entrepreneurial orientation. Moreover, focusing on family firms, we assess the relationship between the levels of employees' silence and their perceptions of the firm's entrepreneurial orientation. The empirical evidence is provided by a sample of 245 Portuguese employees, 117 employees of family firms, and 128 of non-family firms, who responded to a questionnaire that included employee silence and entrepreneurial orientation measures. Results reveal that family firms' employees show higher levels of employee silence but perceive their companies as less entrepreneurially oriented than employees of non-family companies. In addition, our results do not support the idea that there is a relationship between the levels of employee silence and the employee's perception of the company's entrepreneurial orientation. This paper offers initial insights into the debate on the relationship between the levels of employee silence and the employee's perception of the company's entrepreneurial orientation in family firms.

CÓDIGOS JEL
M10

PALABRAS CLAVE
Empresas familiares, Empresas portuguesas, Silencio de los empleados, Orientación emprendedora

El silencio de los empleados y la orientación emprendedora en pequeñas y medianas empresas familiares

Resumen Este trabajo tiene como objetivo evaluar las diferencias entre los empleados de empresas familiares y no familiares en cuanto a sus niveles de silencio de los empleados y sus percepciones de la orientación empresarial de la empresa. Además, centrándonos en las empresas familiares, evaluamos la relación entre los niveles de silencio de los empleados y sus percepciones sobre la orientación emprendedora de la empresa. La evidencia empírica la proporciona una muestra de 245 empleados portugueses, 117 empleados de empresas familiares y 128 de empresas no familiares, que respondieron a un cuestionario que incluía medidas de silencio de los empleados y orientación empresarial. Los resultados revelan que los empleados de las empresas familiares muestran niveles más altos de silencio de los empleados, pero perciben a sus empresas como menos orientadas al emprendimiento que los empleados de empresas no familiares. Además, nuestros resultados no apoyan la idea de que exista una relación entre los niveles de silencio de los empleados y la percepción de los empleados sobre la orientación emprendedora de la empresa. Este artículo ofrece una primera mirada al debate sobre la relación entre los niveles de silencio de los empleados y la percepción de los empleados sobre la orientación emprendedora de la empresa en las empresas familiares.

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1. Introduction

In a global and highly competitive economic environment, companies increasingly rely on their workforce expertise and ability to meet the market needs by innovating and enhancing the quality of their products and services (Soomro & Shah, 2019). This becomes even more relevant when it comes to small and medium-sized family companies, which heavily depend on employees who take responsibility, are proactive, offer suggestions, and openly share their ideas and opinions. However, given their traditions, norms, and values, these companies can sometimes hinder this so needed open environment, resulting in employee silence (Kizildag, 2013). Employee silence is defined as the intentional withholding of ideas, information, and opinions with relevance to improvements in work and work organizations (Morrison & Milliken, 2000; Wang *et al.*, 2020). When individuals and teams are unhindered by organizational traditions, and norms, they can more effectively investigate, share, and develop new ideas, playing a critical role in the entrepreneurial orientation of a company, which has "become a popular means to describe entrepreneurship as an organizational attribute" (Wales *et al.*, 2020, p. 2), in the hopes of doing something new and exploiting opportunities. The benefits of adopting such entrepreneurial behaviors and strategies include the generation of new ideas and creative processes, improving a firm's competitive position and may even be crucial to a firm's survival (Covin & Wales, 2012).

Family businesses recognize that employees are their life force and strive to develop an inclusive work culture (Miller *et al.*, 2008) and to create and retain a motivated and loyal workforce (Kachaner *et al.*, 2012). However, due to the aforementioned organizational traditions and norms and the well-known family firms' concern over the preservation of socioemotional wealth, i.e., "the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (Gómez-Mejía *et al.*, 2007, p. 106), these firms tend to maintain the decision-making processes within the family top management ranks (Pimentel *et al.*, 2018), fostering employee silence and hindering entrepreneurial behaviors.

Previous studies have highlighted the importance of promoting and implementing an entrepreneurial oriented mindset that makes small and medium-sized companies able to recognize the threats and opportunities in their business environment in order to make sure that the firm will be able to continue to exist in the future (Kraus *et al.*, 2012). The need to survive and to perpetuate the family values plays a central role in the family businesses dynamics given its strong connection to the preservation of socioemotional wealth (Gómez-Mejía *et al.*, 2007). Nevertheless, companies are only able to promote and implement such entrepreneurial oriented mindset if there is an open and fluid communication between employees and the top management team. If this communication is hindered it can create a barrier to the upward communication, leaving the organizational decision makers unaware of the ground realities and problems of the company, resulting in problems to prompt and adequate decision making, further leading to depleted organizational performance with consequences in the survival of the company (Schilling & Kluge, 2009). Therefore, it becomes essential to address employee silence in family firms and to view it as a priority for promoting and implementing an entrepreneurial orientated mindset, determinant for the family firms' success. With this in mind and grounded on the socioemotional wealth theory (Gómez-Mejía *et al.*, 2007), oftentimes accepted as the dominant paradigm in the field of family business (Aparicio *et al.*, 2021; Berrone *et al.*, 2012), we performed an empirical study using data collected from family firms from Portugal, a country where family firms are under-researched even though they make up the backbone of the economy. This paper has three main objectives: (1) assess differences between the levels of employee silence in family and non-family firms, (2) examine the perceptions of the firm's entrepreneurial orientation of employees working in family and non-family firms, and (3) assess, in family firms, the relationship between the levels of employees' silence and their perceptions on the firm's entrepreneurial orientation.

This study makes several contributions to the research literature. First, we offer initial insights on a phenomenon that remains under-addressed in the comparison between family and non-family companies - employee silence. Second, we contribute to a current debate in the literature involving the extent to which the characteristics and dynamics of family companies hinder or promote entrepreneurial behaviors and strategies. Third, we search for evidence to support the relationship of employer silence and entrepreneurial orientation in family firms. Answering these questions is important given that family businesses are a predominant form of business in the world, accounting for over two-thirds of all private companies, employing more than 60% of the global workforce and having an economic impact of over 70% on the global GDP (Gómez-Mejía *et al.*, 2018).

2. Theoretical Framework and Hypotheses Development

2.1. Employee silence

Van Dyne *et al*. (2003) define employee silence as an employee's motivation to withhold or express ideas, information, and opinions about work-related improvements. Thus, it refers to situations where employees retain information that might be useful to the organization of which they are a part, whether intentionally or unintentionally; information can be consciously held back by employees; or it can be an unintentional failure to communicate or a merely a matter of having nothing to say (Wang *et al*., 2020). This reluctance to express ideas, information, and opinions may be caused by individual employee motivations or by institutional aspects (Chou & Chang, 2020). Regardless of the reasons for employee silence, it can undermine organizational decision-making, damage employee engagement, trust, and morale, which may lead to low levels of motivation, satisfaction, and commitment (Morrison & Milliken, 2000).

Modern organizations are often challenged to adequately respond to complex and changing scenarios. Thus, developing a workforce that openly shares information, ideas, and opinions, constitutes a significant competitive advantage, allowing companies to better adjust to contingency forces and make better decisions (Wilkinson & Fay, 2011).

Van Dyne *et al*. (2003) differentiate three specific silence behaviors based on three employee motives: (1) acquiescent silence, (2) defensive silence, and (3) pro-social silence.

According to Pinder and Harlos (2001), acquiescent silence can be defined as the employee choice to withhold views, relevant ideas, information, or opinions, based on resignation. Acquiescent silence is a passive behavior given that it advocates disengaged behavior (Van Dyne *et al*., 2003). In the case of acquiescent silence, employees commend the status quo and prefer not to speak up. They do not try to change organizational circumstances. This is a conscious choice and voluntary behavior that the employees adopt when they believe that speaking up will not make any difference.

The term defensive silence is employed to describe the deliberate omission based on personal fear of the consequences of speaking up. This is consistent with Morrison and Milliken's (2000) emphasis on the personal emotion of fear as a key motivator of organizational silence. It is also consistent with psychological safety and voice opportunity as critical preconditions for speaking up in work contexts. According to Van Dyne *et al*. (2003), this is an intentional behavior that is intended to protect one's self from external threats. In contrast to acquiescent silence, defensive silence is proactive, involving awareness and consideration of alternatives, followed by a conscious decision to withhold ideas, information, and opinions as to the best personal strategy at that a particular moment (Chou & Chang, 2020; Van Dyne *et al*., 2003).

Van Dyne *et al*. (2003) emphasized pro-social silence as the withholding of related ideas, information, or opinions with the intention of benefiting other people or the organization, based on altruism or cooperative motives. Similarly, to organizational citizenship behavior, pro-social silence is an intentional and proactive behavior that is primarily focused on others, arising as a discretionary behavior that cannot be mandated by an organization and based on awareness and consideration of alternatives and resulting in the conscious decision to withhold ideas, information, and opinions.

Despite the growing importance of employee silence in the literature, given its direct impact on individuals, organizations, and ultimately on society, there is still an significant gap in the understanding of this organizational phenomenon (Wang et al., 2020; Whiteside & Barclay, 2013). This gap becomes even more pronounced in the family business field, where the literature on this topic is scant. One of the few authors addressing this topic in family firms is Kizildag (2013), who suggests that employee silence in family firms can be approached from two different dimensions: (1) silence of employees who are not members of the family, and (2) silence of employees who are family members. When assessed from the perspective of employees who are not family members, experiencing nepotism and family protectionism will cause these employees to perceive the expression of their ideas and opinions as meaningless. On the other hand, from the perspective of employees who are family members, having a dual role of being a family member and a family firm employee, having responsibilities to fulfill both family and business expectations, as well as the reflection of family relations on the workplace, are reasons for adopting a silence strategy. Moreover, the existence of a traditional centralized management, oftentimes related to the need to preserve socioemotional wealth and subsequently the perpetuation of family values (Gómez-Mejía *et al*., 2007) may foster the silence of both family members and non-family employees. Kellermanns *et al*. (2012) argue that socioemotional wealth can be negatively associated with proactive stakeholder engagement and lead to family-centric behavior, which may act as a blockade to inputs from non-family employees and other external stakeholders. Moreover, some

case-based family firm literature report stories of family firms that have ignored non-family stakeholders (e.g., Kidwell & Kidwell, 2010). Family firms have also been known to expropriate external shareholders and, in more extreme cases, to exploit employees (Kidwell, 2008). According to Kellermanns *et al.* (2012) strong family bonds can create an "us-against-them" mindset causing the family to place their needs above those of non-family stakeholders. Taking this into consideration, one can argue that family firms have characteristics and dynamics that contribute to higher levels of employee silence. Thus, as an initial contribution to the literature on this topic, we propose that:

H1*. *Family firms' employees show higher levels of silence than non-family firms' employees.

2.2. Entrepreneurial orientation

As any living entity, a company's main goal is to survive. In its continuous interaction with the environment, a company must guarantee the development of services and/or products that respond to the consumers' wants and needs, while considering the surrounding competitive conditions (Josefy *et al.*, 2017). In an environment of permanent change, with products and business models with short life cycles, companies feel obliged to constantly search for new business opportunities. This forces companies to seek and adopt entrepreneurial behaviors to succeed (Rauch *et al.*, 2009). Although entrepreneurship remains an area of numerous conceptual debates, certain ideas surrounding this construct have been extensively developed. There has been a great stream of research on what is, for many, considered the genesis of entrepreneurship: the entrepreneurial orientation (Rauch *et al.*, 2009).

Entrepreneurial orientation refers to the processes and endeavors of organizations that engage in entrepreneurial behaviors and activities (Covin & Wales, 2012; Lumpkin & Dess, 2001). The concept stems from Miller's (1983) work, in which entrepreneurial firms are defined as "those that are geared towards innovation in the product-market field by carrying out risky initiatives, and which are the first to develop innovations in a proactive way in an attempt to defeat their competitors" (p. 771). Although there have been various discussions about what constitutes entrepreneurial orientation (Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005), research has converged on three key components (Miller & Le Breton-Miller, 2011): (1) innovativeness, (2) risk-taking, and (3) proactiveness.

Over the last decades, entrepreneurial orientation has been seen as critical to the success and survival of family businesses (Nieto *et al.*, 2015). Research on entrepreneurial orientation in family businesses is divided into two perspectives: on one hand, the perspective where this type of organizations represents a context in which entrepreneurship is fostered (Hernández-Perlines *et al.*, 2021); on the other hand, the perspective where family firms hinder entrepreneurial processes (Hernández-Linares & López-Fernández, 2018).

While some authors propose that family firms constitute an environment that promotes high levels of entrepreneurship (e.g., Aldrich & Cliff, 2003; Discua Cruz *et al.*, 2013; Hernández-Perlines *et al.*, 2021), by presenting unique settings for entrepreneurship to flourish (e.g., flexibility, trust, informal management) (Eddleston *et al.*, 2008; Zellweger, 2007). Other research stream suggests that family firms are conservative and resistant to change, due to the perceived risk of losing family socioemotional wealth created over a long period (Boling et al., 2016; Garcés-Galdeano *et al.*, 2016). Gómez-Mejía *et al.* (2007) argue that family firms may be willing to accept a below-target performance, if this is what it takes to protect their socioemotional wealth. Hence, their focus is centered on what can go wrong and on the likelihood that bad things may occur. Such concerns tend to hamper the promotion and implementation of an entrepreneurial mindset. Pimentel *et al.* (2017a) reinforce this prominent notion in the literature, which suggests that family businesses are risk-averse, reluctant to innovation, and reticent (Samsami & Schøtt, 2021), therefore showing lower levels of entrepreneurial orientation than non-family businesses. Thus, as to offer more insights on this topic, our second hypothesis suggests that:

H2*. *Family firms' employees perceive their company as less entrepreneurially oriented than non-family firms' employees.

As aforementioned, the adoption of silence restricts the access to useful information and critical analysis on the decision-making process, decreasing the effectiveness and quality of decision-making (Morrison & Milliken, 2000). Similarly, employee silence will inhibit feedback on valuable information, thus making the identification of issues and the implementation of corrective actions more difficult. This may translate into a decline in the organization's performance and ability to adapt and survive. Edmondson (2003) argues that employee silence will hinder family businesses' innovation processes, since this type of firm heavily relies on employees to point out new ideas, thoughts, and opportunities. In the same line, Knoll and Redman (2016) suggest that the inability of employees to share ideas and pro-

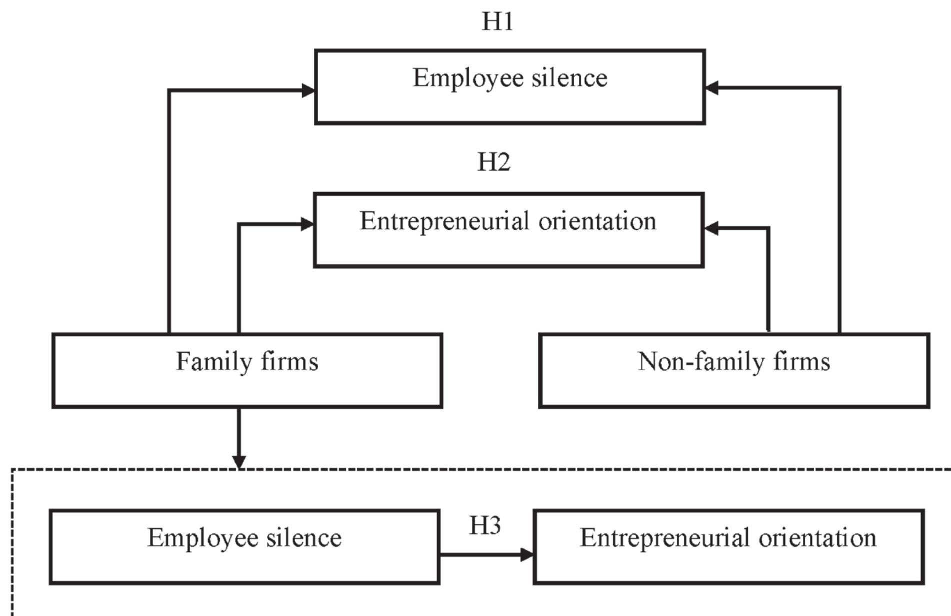
vide inputs may also hinder innovation and stifle employee creativity. Thus, the withholding of this information prevents improvements to processes and projects, constraining the entrepreneurial orientation of the organization and ultimately the chances to thrive and succeed.

Thus, based on the same rationale used on the previous hypotheses, and as an initial attempt to assess the association between the employees' levels of silence and their perceptions of the company's entrepreneurial orientation in family firms, we formulated the following hypothesis:

H3*. In family firms, the employees' levels of silence are negatively related to their perceptions of the company's entrepreneurial orientation.*

In order to collect data, employees were asked to complete an online questionnaire, assessing employee silence levels and entrepreneurial orientation perceptions as well as respondents' demographic data. A cross-sectional design was used, according to Spector (2019), the use of these types of designs is particularly efficient when compared to others such as experimental design or longitudinal design, being particularly relevant in situations where the probability of obtaining high levels of response (*i.e.*, a large sample) is low (Spector, 2019). During the questionnaire development precautions were taken to control common method bias, namely, to improve scale items to eliminate ambiguity, and to reduce social desirability bias in item wording (Podsakoff *et al.*, 2003).

Figure 1. Research hypotheses diagram



3. Sample Description and Methods

3.1. Sample and data collection

In this study, as in most research, employee silence and entrepreneurial orientation have been regarded as broad and unitary constructs (Covin & Wales, 2019; Morgan, 2017), enabling an initial explanation of the phenomena. To define what is a family firm, the criterion of ownership and management control (Chua *et al.*, 1999) was adapted to arrive at an operational definition. Therefore, a firm is classified as a family firm if at least 75 percent of the shares are owned by the family, and the family is the sole responsible for the management of the company. This operational definition ensures that the family is, *de facto*, responsible for the governance, control, and management of the company (Pimentel, 2018; Pimentel *et al.*, 2020).

Data from family firms' employees were collected with the help of the Portuguese Family Business Association, which shared the survey link via e-mail and institutional website with their associated members. As to collect data from non-family companies' employees, the survey link was shared through e-mail using a publicly available business mailing list. The data were collected between November 2019 and January 2020. In Portugal, family firms are responsible for over 50% of all employment, 65% of GDP, and constitute more than 70% of the private business sector (Portuguese Family Business Association, 2021). According to Pimentel *et al.* (2017b), most Portuguese family firms operate in the retail sector, have less than 10 employees, have been in business for roughly 30 years, and have a turnover of less than €500,000 per year. The employees show a strong sense of pride, belief, and identity to-

wards the firm, and consider that the family has a far-reaching influence in the business (Pimentel, 2016; Pimentel *et al.*, 2017b).

The final sample consists of the responses of 245 Portuguese employees. Of the 245 employees who participated in this study (see Table 1), 117 are employees of family firms and 128 non-family firms' employees, 58.4% of them were females, with an average age of 34 years, having on average 7 years of seniority in the company. Most participants have a high school diploma (38.4%), followed by the ones with a bachelor's degree (33.9%), while 25.3% have a master's degree and 2.4% hold a PhD. Regarding the work contracts, 122 have a permanent contract, 43 a fixed-term contract, and 80 are on temporary work contracts. From the 117 employees of family firms, most were female (56.6%), with an average of 32 years, overall working in the company for 8 years. Regarding the 128 non-family firms' employees, 59.6% were females, with an average age of 36 years and working in the company for 6 years.

All the 245 respondents are employees of small and medium-sized privately-owned companies with no less than 10 employees, having no management responsibilities, and working under the responsibility of a supervisor who holds direct formal authority over them.

3.2. Measures

3.2.1. Employee silence

To measure the levels of employee silence, the Portuguese adapted version (Sabino *et al.*, 2019) of the scale originally developed by Van Dyne *et al.* (2003) was used. This version of the instrument considers three dimensions: (1) acquiescent silence (i.e., "I passively keep problem-solving ideas to myself."; "I keep ideas for improvement to myself because I have little self-confidence that it will make a difference."; "I am not willing to make suggestions for change because I am not very committed."; "I hold back ideas on how to improve the work around me because I am under-engaged."; and "I passively withhold ideas because I am resigned."), (2) defensive silence (i.e., "I avoid expressing ideas for improvements to protect myself."; "I withhold relevant information because I am afraid."; "I omit important facts in order to protect myself."; "I do not express or suggest ideas for change because I am afraid."; and "I withhold the solution to problems because I am afraid."), and (3) pro-social silence (i.e., "I protect information to benefit the organization."; "I withhold confidential information because I am cooperative."; "I refuse to disclose information that could harm the organization."; "I resist pressure from others to share organiza-

Table 1. Descriptive statistics of sample demographic characteristics

Variables	Groups	Frequency	Percentage
Gender	Female	143	58.4%
	Male	102	41.6%
Age of the respondente	18 - 25 years	15	6.2%
	26 - 41 years	187	76.3%
	42 - 57 years	30	12.2%
	58 years and above	13	5.3%
Seniority	0 - 5 years	73	29.8%
	5 - 10 years	103	42.1%
	10 - 15 years	51	20.8%
	15 years and above	18	7.3%
Education	High school diploma	94	38.4%
	Bachelor's degree	83	33.9%
	Master's degree	62	25.3%
	PhD degree	6	2.4%
Employment contract type	Temporary work contract	80	32.7%
	Fixed term work contract	43	17.5%
	Permanent work contract	122	49.8%

tional secrets."; and "I adequately protect confidential information out of concern for the organization."). The response of this fifteen-item questionnaire uses a five-point Likert scale, 1 (strongly disagree) to 5 (strongly agree). Cronbach's Alpha was calculated, and its value was found to be 0.84.

3.2.2. Entrepreneurial orientation

While several measures of entrepreneurial orientation exist, we relied on the Portuguese adapted version (Pimentel *et al.*, 2017a) of the widely used instrument developed by Covin and Slevin (1989). This choice increases the comparability of our findings, given that most of the empirical research has employed this approach (Covin & Wales, 2012). The response of this nine-item questionnaire uses a five-point Likert scale, 1 (strongly disagree) to 5 (strongly agree), on which the respondent should indicate the extent to which the items represent their firm's strategy. The entrepreneurial orientation questionnaire distinguished three dimensions: (1) innovativeness ("In general, the top managers of my firm favor a strong emphasis on R&D, technological leadership, and innovations."; "In the past five years our firm has marketed many new lines of products or services."; and "In the past five years changes in our products or services lines have usually been quite dramatic."), (2) risk-taking ("In general, the top managers of my firm have a strong proclivity for high-risk projects (with chances of very high returns)."; "In general, the top managers of my firm believe that owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives."; and "When confronted with decision-making situations involving uncertainty, my firm typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities."), and (3) proactiveness ("In dealing with its competitors, my firm typically adopts a very competitive, "undo-the-competitors" posture."; "In dealing with its competitors, my firm is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc"; and "In dealing with its competitors, my firm typically initiates actions to which competitors then respond."). Cronbach's Alpha was calculated, and its value was found to be 0.86.

3.2.3. Demographic data

In order to collect demographic data from the respondents, a short questionnaire was included in the survey. The questionnaire was comprised of six items: gender, age, seniority, education, and employment contract type.

4. Results

Data were analyzed through descriptive statistics and inferential statistics (i.e., independent samples t-test and simple linear regression). Further, the SPSS Statistics 27 Software was utilized for data analysis and p-value < 0.05 was considered statistically significant.

Table 2 presents the mean and standard deviation of the demographics and variables used, in addition to the correlation coefficients between them. It is observed that the age of the employees has a negative correlation with employee silence levels (r = - 0.167; *p* = 0.017) and is also negatively correlated with the employee's perceptions of the company's entrepreneurial orientation (r = - 0.172; *p* = 0.013). Moreover, the results also reveal a negative correlation between the seniority of the employee and employee silence levels (r = - 0.193; *p* = 0.012).

Table 2. Means, standard deviations and correlations between variables

Variable	Mean	SD	Age of the respondent	Seniority	Employment contract type	Education	Employee silence
Age of the respondente	34.05	11.87	1				
Seniority	6.98	9.07	0.768**	1			
Employment contract type	2.73	0.58	0.482**	0.453**	1		
Education	2.23	0.43	- 0.107	0.112	0.101	1	
Employee slience	3.28	0.92	- 0.167*	- 0.193*	- 0.055	0.110	1
Entrepreneurial orientation	2.95	0.83	- 0.172*	- 0.147	- 0.117	0.132	0.457

N = 245;**p* < .05; ** *p* < .001

Means comparison and t-test were conducted to test our first hypothesis, which suggests that there are differences between employees of family and non-family firms regarding the levels of employee silence. T-test analysis for independent groups (see Table 3) shows that there are differences regarding the levels of employee silence between family (M = 3.62, SD = 0.97) and non-family businesses (M = 3.06, SD = 0.79), *t* (178.36) = - 4.61; p = 0.00, d = 0.63.

Table 3. T-test: employee silence levels in family and non-family firms.

	T	*P*	*Df*	Family firms		Non-family firms	
				M	**SD**	**M**	**SD**
Employee silence	- 4.61	0.00*	178.36	3.62	0.97	3.06	0.79

N = 245; **p* < .05

Our second hypothesis proposes that family firms' employees perceive their company as less entrepreneurially oriented than non-family firms' employees. T-test results show significant differences regarding the levels of entrepreneurial orientation between family (M = 2.90, SD = 0.91) and non-family firms (M = 3.12, SD = 0.71), *t* (238.28) = 0.95; p = 0.02, d = 0.27 (see Table 4). Thus, confirming the hypothesis.

Table 4. T-test: perceptions of entrepreneurial orientation levels in family and non-family firms.

	T	*P*	*Df*	Family firms		Non-family firms	
				M	**SD**	**M**	**SD**
Entrepreneurial orientation	0.95	0.02*	238.28	2.90	0.91	3.12	0.71

N = 245; **p* < .05

Hypothesis 3 posits that in family firms, the employees' levels of silence are negatively related to their perceptions of the company's entrepreneurial orientation. Simple regression analysis results (see Table 5) do not support the hypotheses (t = 0.44, ß = 0.03, R^2 = 0.002, p = 0.66). Thus, the hypothesis is not confirmed.

entrepreneurial orientation and to understand, within family firms, the association between these two variables.

Our first hypothesis proposed that there are differences between employees of family and non-family firms regarding the levels of employee silence. Results confirm that there are differences between these two types of companies. The presence of family kindship promotes a moral order to treat parents, siblings, cousins, and acquaintances with higher levels of altruism (Pimentel *et al.*, 2021). Maintaining high levels of altruism-based relationships strengthens the family members' orientation towards protectionism and family stability (Pimentel *et al.*, 2018). According to Perlow and Williams (2003), this may act as an, deeply rooted, informal rule, that impels employees to be silent to avoid embarrassment, confrontations, and conflicts. Thus, it can be assumed that in family firms, this orientation towards the protectionism of the family may foster the adoption of silence as a strategy to cope with relationships between the family and the employees and, consequently, to guarantee the preservation of the company's socioemotional wealth via the securing of the family emotional involvement.

Table 5. Regression results: employee silence and entrepreneurial orientation levels in family firms.

Independent variable	**Dependent variable**	R^2	*F*	*ß*	*t*	*P*
Employee silence	Entrepreneurial orientation	0.002	0.19	0.03	0.44	0.66

N = 117

5. Discussion

In this study, we seek to explore and assess if there are differences between family and non-family firms regarding the employees' levels of silence and their perceptions on the company's

Socioemotional wealth can also be seen as a driver of self-serving behavior and explain why some family firms place family needs and wants above those of other stakeholders such as non-family employees. It has also been found that because relinquishing socioemotional wealth is per-

ceived as a major loss, family firms oftentimes ignore contributions from non-family stakeholders (Gómez-Mejía *et al.*, 2007). Similarly, Morrison and Milliken (2000) suggest that the high centralization of decision-making and the lack of formal upward feedback mechanisms may reinforce employee silence. Small and medium-sized family firms are structured in a way that gives owners and top managers the sole authority and initiative in the decision-making process. If owners and managers feel that their employees are untrustworthy, they adopt an autocratic rather than a participative management style. Since an autocratic management style does not involve most employees in the decision-making process, it may be a reason for high levels of employee silence. In traditional family firms, where values such as respecting elders and avoiding conflict are uncontested, silence is normally assessed as a virtue. In such a situation, employees prefer to remain silent and approve their superiors (Perlow & Williams, 2003; Wang *et al.*, 2020).

Our second hypothesis proposes that family firms' employees perceive their company as less entrepreneurially oriented than employees of non-family firms. Results confirm the hypothesis corroborating a growing stream of research that suggests that family businesses hinders entrepreneurial orientation (e.g., Alayo *et al.*, 2019; Pimentel *et al.*, 2017a). According to Duran *et al.* (2016), family firms have often been portrayed as traditional organizations that shy away from seeking new opportunities, follow conservative strategies, and that ultimately are less entrepreneurial than non-family companies. Over the last years several authors have argued that family dynamics and factors such as traditions, values, and customs, may have weakened the entrepreneurial mindset in family businesses, making these companies lag behind their non-family peers (e.g., Short *et al*. 2009; Pimentel *et al.*, 2017a). The need to preserve these traditions, values, and customs, which are the grounds of socioemotional wealth, translates into the stability of non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty (Gómez-Mejía *et al.*, 2007). This so needed stability puts family members' needs and preferences above the company's financial performance (Gómez-Mejía *et al.*, 2007), which can block proclivity for high-risk projects associated with entrepreneurial activities. Furthermore, our results corroborate a prominent notion in the literature suggesting that family firms are risk-averse, reluctant to innovate, and slow to change, thus less entrepreneurial oriented than non-family firms (Naldi *et al.*, 2007).

Addressing our third hypothesis proposes that in family firms, the employees' levels of silence are negatively related to their perceptions of the company's entrepreneurial orientation. Results do not confirm this idea, showing that the employees' levels of silence are not associated with their perceptions of the company's entrepreneurial orientation levels. A possible explanation may be the fact that most employees tend not to allow that the adoption of an individual behavior (i.e., silence) influences their perceptions of a macro-organizational variable, such as the firm's entrepreneurial orientation. This may be related to coping strategies (e.g., positive reinterpretation) adopted by the employees, which involve the reappraisal of situations to see them in a positive light. Positive reinterpretation has been associated with optimism and positive beliefs (Carver *et al.*, 1989). The ability to see the positive aspects of situations perceived as stressful (i.e., adoption of certain silence strategies) may aid the enhancement of an optimistic outlook, translating into the ability to distinguish individual perceptions from organizational strategies. Moreover, entrepreneurial orientation involves the discovery, evaluation, and exploitation of opportunities to introduce new products or services to the market (Soriano & Huarng, 2013) resulting mostly from managerial decisions in which most employees are not involved. This may also help explain our results given that none of the participants have management responsibilities.

6. Conclusions and Practical Implications

The significance of studying employee silence in small and medium-sized family firms lies in the argument that in modern economic contexts, these businesses strongly rely on employee participation to survive. This same rationale also applies to entrepreneurial orientation, since it is a good predictor of the success of family firms, positively influencing their performance and success.

The paper contributes to the literature on family businesses, by revealing that employees of family firms show higher levels of employee silence than non-family firms' employees. which may have a significant impact in small and medium-sized family companies, where the contributions and inputs of employees are of the utmost importance to the company's development and survival. It was also possible to conclude that employees of family firms perceive their company as less entrepreneurially oriented than those of non-family firms. Besides supporting a prominent notion in the literature that suggests that family firms hinder the adoption of entrepreneurial behaviors and strategies, these results may also

alert family businesses owners and managers about the importance of cultivating an entrepreneurial mindset that both enhances the output of the company and boosts the odds for success. Thus, also having positive outcomes on their workforce.

Moreover, although the results do not support the idea that, in family firms, there is an association between the levels of employee silence and the employees' perceptions of the company's entrepreneurial orientation, these initial findings can provide a steppingstone for future research in a field that holds wide theoretical and practical implications.

These findings may serve to alert owners and managers of small and medium-sized family companies to become of the importance to promote an environment that allows employees to express their ideas and opinions and openly collaborate with top management, boosting employee morale and engagement and fostering an inclusive and positive work culture, allowing the emergence of new ideas that are of the utmost importance for the company performance, productivity, and ultimately the prosperity of the firm.

7. Limitations and Future Research

This study, as any empirical work, comes along with several limitations which represent avenues for future research.

The first limitation was that of small sample size, a limitation that can prevent a clear and generalized statement about our results. The number of participants was too small to adequately generalize beyond the context of this study. With a larger sample, including a greater number of culturally different participants, the results would certainly be more robust and clarifying. Second, employees with managerial responsibilities did not take part in this study; therefore, it becomes important for future studies to include them to provide a more complete approach on this topic. Third, employees who participated in this study were all working in small and medium-sized enterprises based in Portugal, which could lead to a cultural bias and therefore limit the generalizability of the findings. Thus, it would be pertinent to replicate this study in different geographical locations, countries, and socioeconomic contexts. Fourth, in this study employee silence has been regarded as a broad and unitary construct, used for exploratory explanation. Future research should also explore and assess which dimension of employee silence (i.e., acquiescent silence, defensive silence, or pro-social) is more commonly adopted by employees of family firms. This would offer important insights on the characterization of employee silence in family firms and on its association with other relevant organizational variables.

Finally, future research should also consider using the company type (i.e., family vs. non-family) as well as other family-related variables such as family ownership, family participation, and influence in the top management team or the generational stage of the firm as moderators when assessing the relationship and impact of the levels of employee silence in the employee's perceptions of entrepreneurial orientation. By doing this, future studies could provide a better understanding of the differences between the two contexts.

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Strategic Behavior of Zombie Companies: Differences Between Family and Non-Family Companies Listed in Mexico

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Abstract Zombie companies are organizations that receive preferential treatment and benefits from various institutions. In addition, they have a negative connotation since they affect the markets where they operate. To understand this type of company in Mexico, the influence of the type of business strategy on the probability of being a zombie company is analyzed. For this, a logit analysis was used to evaluate the probability of incurring in the zombie attribute, and a panel of 99 companies that were listed on the Mexican Stock Exchange during the period from 2013 to 2017 was adopted. The empirical result shows that the type of defensive strategy reduces the probability of incurring in the zombie situation. On the other hand, the type of analytical and proactive strategy shows a greater probability of being classified as zombie companies, which, a priori could surprise, however, the Latin American institutional environment favors that such behavior is prone to lead to the zombie situation. Regarding the family element, no significant differences are found between family and non-family businesses.

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PALABRAS CLAVE
Empresa familiar, Empresa zombi, Estrategia empresarial, Estructura de mercado, Panel de datos logit

Comportamiento estratégico de las empresas Zombis: Diferencias entre empresas familiares y no familiares cotizadas en México

Resumen Las empresas zombis tienen una connotación negativa dado que afectan a los mercados en donde operan. Para entender este tipo de empresas en México, se analiza la influencia del tipo de estrategia empresarial en la probabilidad de ser empresa zombi. Para ello, se empleó un análisis logit para evaluar la probabilidad de incurrir en la característica zombi, se usó un panel de 99 empresas que cotizaron en la Bolsa Mexicana de Valores durante el periodo de 2013 a 2017. El resultado empírico evidencia que el tipo de estrategia defensivo disminuye la probabilidad de incurrir en la situación zombi; por otro lado, lo tipos de estrategia analizador y proactivo muestran una mayor probabilidad en ser catalogadas como empresas zombis, lo que, a priori podría sorprender, sin embargo, el entorno institucional Latinoamericano favorece que dicho comportamiento sea propenso a derivar en la situación zombi.

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1. Introduction

The traditional economic view holds that financial markets are a reflection - in quality and quantity of instruments - of a country's economic development (Schumpeter, 1934; Shaw, 2009). There are various problems and difficulties that companies face to survive or succeed, such as adapting to a changing environment (Rezazade & Lashkarbolouki, 2016), having adequate management and allocation of resources (Camacho et al., 2013), and making accurate decisions at the right time (Antia et al., 2010). These actions can cause the bankruptcy of a company, and it is of special interest to prevent companies from reaching that drastic point (Camacho et al., 2015; Campa & Camacho, 2014).

Some alternatives help to maintain the commercial operation of companies and avoid bankruptcy, such as government financing or protectionist policies that seek to make regulations more flexible, subsidies for the payment of taxes or the transfer of overvalued projects (Jiang et al., 2017). On the other hand, companies themselves can also carry out actions to prevent bankruptcy. For instance, using their commercial relationships to favor financial conditions with suppliers (Campa & Camacho 2014). The implementation of both types of actions is attractive, since the bankruptcy of a company entails the loss of jobs, the collection of less taxes, lower income for families and a decrease in the supply of products or services, among others (Camacho et al., 2013, 2015).

Companies that use alternative methods to maintain operation are known as zombie companies (McGowan et al., 2016; Tan et al., 2016). These units depend mainly on external actors, since their activities, resource management or operational performance is not enough to prosper (Uchida et al., 2015). Different authors have found zombie signatures in several countries such as Japan (Caballero et al., 2008), China (Shen & Chen 2017; Tan et al., 2016), Spain (Urionabarrenetxea et al., 2018), countries belonging to the OECD (McGowan et al., 2016) and other members of the European Community (Urionabarrenetxea et al., 2016); which shows the extent of its presence.

In the literature, these organizations have been traditionally identified under the criterion of using the subsidy in the payment of financial interest, either because they maintain a close relationship with financial institutions or because they cannot cover said cost (Caballero et al., 2008; Fukuda & Nakamura, 2011; Nakamura & Fukuda, 2013; Urionabarrenetxea et al., 2018). Authors such as Caballero et al. (2008), Hoshi (2006), Jiang et al. (2017), McGowan et al. (2016) and Shen and Chen (2017) have shown that zombie companies have adverse effects on the industries where they operate, therefore, interest in their study has increased. The negative effect is due to the fact that they saturate markets and limit the competitiveness of "non-zombie companies", monopolizing productive factors such as labor and capital. However, this research will focus on internal causes, specifically the strategic operational activities that cause the zombie situation of each company (Urionabarrenetxea et al., 2016, 2018).

There are elements such as operational effectiveness or resource management that can block the achievement of the expected corporate results for companies (Kalak et al., 2017). Therefore, some previous research emphasizes how zombie companies carry out their activities, pointing out that these organizations are not exclusive to a region or economic condition (Iwaisako et al., 2013; Nakamura & Fukuda, 2013; Tan et al., 2016). The Latin American region offers a unique context in terms of organizational management that make this issue a more complicated case (Bianchi & Figueiredo, 2017; Hazera et al., 2016; Peters; 2016). In the particular case of Mexico, the adoption of good commercial and international practices is common compared to other more developed regions (Kemme & Koleyni, 2017; Peters, 2016). Vidal, Marshall and Correa (2011) prove that the fluctuation of the Mexican economy is related to the strength of financial markets and not because it is a "victim" of economic recessions of the world powers. For these reasons, the competitiveness of financial markets is essential to increase economic activity (Valdés & Roldán, 2016).

Latin American countries are characterized by a protectionist policy for foreign investors and the creation of entry barriers for new investors (Juárez et al., 2015; Silva & Chavez, 2002). In addition, there is a strong information asymmetry, a greater concentration of ownership and an incentive to extract private benefits, especially by family businesses (Briano-Turrent et al., 2020; Maquieira et al., 2012; Watkins & Flores, 2016). This last element marks similarities and differences between Mexican companies and those of the rest of the world. While they bear a similarity, at least in terms of the concentration of ownership with other Latin countries, they differ from the Anglo-Saxon ones, where the proportion of organizations controlled by a family is lower (Espinoza & Espinoza, 2012). This concentration of ownership, according to agency theory, may be one of the causes that lead organizations to divert resources towards the private benefit and not the collective one (Watkins, 2018).

Regarding family businesses, in Mexico there are a large number of family organizations within its business network; KPMG (2013) estimated that more than 90% of Mexican companies can be classified as family companies. While in the stock market, Watkins (2018) estimates an average of 77% of this type of companies between 2001 and 2015, where organizations such as América Móvil, CEMEX and Grupo Bimbo (controlled by the Slim, Zambrano and Servitje families respectively), stand out as examples of some of the largest companies in the country and even in Latin America (Ramírez-Solís et al., 2016). According to San-Jose, Urionabarrenetxea and García-Merino (2021), the concentration of ownership favors the zombie condition of listed companies.

The foregoing shows the interest in conducting the study in the Mexican environment, the main research objective being to identify the type of business strategy that make companies to be classified as zombies, and how the family element can favor this condition. In line with some authors such as Iwaisako et al. (2013) and Urionabarrenetxea et al. (2016, 2018) who find operational aspects as drivers of the zombie company, this article proposes to delve into the type of business strategy, which leads us to ask the following research questions: What type of business strategy leads companies to classify into the zombie condition? Does the concentration of shares in the hands of the family motivate a zombie condition in Mexican listed companies?

Considering the aforementioned, the research is carried out in a temporary space of economic stability, which allows the study to focus on the aspects of business management that, as mentioned, are peculiar in the region. In addition, the main contribution of this research is in the use of the type of strategy as a predictor of the zombie company, where various operational and administrative actions are considered; unlike previous investigations where some variables associated with the operation of an organization are used individually.

2. Theoretical Framework

Authors such as Andrews, Criscuolo and Gal (2016), Caballero et al. (2008), Hoshi (2006), Iwaisako et al. (2013) and McGowan et al. (2016) were the first to study zombie companies, which is why they make up the main analysis environment. This framework defines zombie companies as organizations that receive strong external support to operate in the markets, such as the concession of taxes or overvalued projects or contracts, and in some extreme cases, they are safe from bankruptcy (Caballero et al., 2008; Jiang et al., 2017; Shen & Chen, 2017). Other distinguished elements are high leverage, asset underutilization, and short-term financial planning (Imai, 2016; Urionabarrenetxea et al., 2016). Caballero et al. (2008) define a zombie company as an organization that receives some subsidy in its financing, not always because they have financial problems, but simply because they can access that benefit.

The literature on these companies is in early development and has focused on studying a group of zombie companies, their effect on industries, and the “contagion” of behavior to “healthy” companies. The authors have found negative effects on sectoral productivity, decreased competition, and misallocation of financial and human resources (Caballero et al., 2008; Shen & Chen, 2017). Another characteristic is that there are industries that favor the existence of zombie companies, mainly those that have a low level of competitiveness and high institutional regulation (Caballero et al., 2008). The first conclusions of the authors suggested that the cause of the existence of zombie companies was due to the competitive environment in which they were found.

Nakamura and Fukuda (2013) found that zombie companies “recovered” from the condition through restructuring of operations or changes in organizational form. The results helped the zombie literature to use the internal vision of the company, which made it more important to understand the individual unit. Recently, authors such as Urionabarrenetxea et al. (2018) have contributed to the analysis at company level, arguing that the root of the zombie condition is in aspects related to its structure and performance of operations.

Despite little development, the framework describes that among the operational actions that characterize zombie companies, in addition to the impossibility of using all their productive capacity (Shen & Chen, 2017), there is the inefficient allocation of human, material or financial resources (Andrews et al., 2016; Imai, 2016; McGowan et al., 2016; Shen & Chen, 2017). Therefore, it is intended to use an internal approach to shed light on the operational actions that lead a company to become a zombie.

These characteristics are part of the corporate culture that leads zombie companies to show particular actions in the markets (Caballero et al., 2008; Shen & Chen, 2017). Therefore, it is necessary to explore their different corporate behaviors, their perceptions, as well as their preferences to determine some behavior patterns (Albertos & Kuo, 2018; Jaakkola & Hallin, 2018). A company adopts a strategic behavior through environmental perceptions, the characteristics of the industry, the competition and its capabilities (Bain, 1968; Rumelt et al., 1991; Shapiro, 1989).

Each organization is defined by different internal elements, both formal and informal, which creates a structure in which activities interrelated with other similar practices take place (Hall & Saias, 1980).

For a company, the definition of a strategic behavior is discriminatory by nature (Caves, 1980; Miles et al., 1978), and it is rare that these decisions influence the actions or include the commitment of different human and financial resources and materials, among others (Eisenhardt & Zbaracki, 1992; Hambrick, 1983).

To determine the strategic behavior of zombie companies, the previous literature that associates these elements was reviewed. Regarding the strategic actions of the Proactive type, the study carried out by Nakamura and Fukuda (2013), attributes the condition of zombie to the adoption of an innovative strategic practice. Similarly, Shen and Chen (2017) argued that the use of technologies as a fundamental element in their strategic behavior puts the zombie condition at a disadvantage. It should be noted that Nakamura and Fukuda (2013) studied companies that were restructured, while Shen and Chen (2017) focused on studying industrial companies, so operational efficiency is a fundamental part of these. Urionabarrenetxea et al. (2018) anticipated that companies that base their operations on intangible assets are more likely to be zombie.

The researchers found this relationship, arguing that companies with this type of activity tend to have a greater demand for investment, as well as a greater risk in terms of the projects developed. This is because it is an essential part to be able to have various projects to seek a greater scope, which means that they must be flexible and have high coordination to be successful and, where appropriate, adapt to changing market conditions (Slater et al., 2011), however, this can mean difficulties in terms of efficient resource management and obtaining the best possible performance (Miles et al., 1978).

Jermias (2008) and Simerly and Li (2000) showed evidence that proactive companies are more likely to default on their financial obligations. The first study justifies that the activities of this type of companies are more uncertain. While the second finds that companies have a higher level of leverage with prospective strategies. Therefore, they face greater difficulties in fulfilling their responsibilities.

Lee (2013), by contrast, argues that R&D-related investments help an organization recover from zombie status. The empirical studies that relate strategic proactive behavior with zombie companies are limited, so literature referring to similar factors such as the amount of debt incurred and the probability of failure as variables related to zombie companies was analyzed (Jardim & Pereira, 2013). As evidenced, the empirical antecedents are contradictory, however, the specialized literature has a similar trend, which is why the following hypothesis is proposed:

***H1**: The proactive type strategy increases the probability that the company is a zombie.*

Regarding the type of defensive behavior, Nakamura and Fukuda (2013) and Shen and Chen (2017) empirically showed that these companies are less likely to be zombies. Even Nakamura and Fukuda (2013) argue that zombie companies must carry out an operational restructuring to be efficient and even eliminate idle assets.

This strategy seeks to control its resources (material, human and financial) to reduce costs, since the focus on the market must be profitable enough to be attractive to continue operating (Higgins et al., 2015), therefore and unlike the Proactive, this type of strategy favors effectiveness and, in financial matters, they are characterized by prioritizing the fulfillment of obligations, such as the payment of financing. This could favor the reduction of financial risk, bankruptcy and incurring in the zombie situation.

Likewise, the empirical evidence is limited, so the literature on bankruptcy and debt default was reviewed. Jermias (2008) and Rahimi (2016) provide empirical evidence on companies characterized by cautious behavior and that present a defensive strategy have higher levels of indebtedness, which is due to the fact that the debt claim requires efficiency to be able to attend to it. Regarding to the family firms context, the Socio Emotional Wealth (SEW) perspective emphasizes the role of non-economic goals, which may increase the risk aversion in order to transfer its legacy to the next generation (Moreno-Menéndez et al., 2021). In the same line, Rienda and Andreu (2021) suggest that family owners take advantages from the socio-emotional aspects of the business, choosing strategies that fulfil its motivations to preserve and enhance the SEW.

While Giovannetti, Ricchiuti and Velucchi (2011) found that companies that exploit small markets (defensive strategy) are more likely to fall into insolvency or bankruptcy, which explains the search for efficiency in their operations to improve their situation. On the other hand, Bentley-Goode et al. (2016) empirically argued that these types of companies have better control over their finances, so the probability of bankruptcy is lower.

According to the discussion previously presented, as well as with the inconsistency of the previous literature, the following hypothesis is established:

***H2**: The defensive type strategy decreases the probability that the company is a zombie one.*

As mentioned above, the empirical evidence is limited, so it is difficult to present antecedents that help to support a hypothesis for the case of the Analyzer type of strategy, however, because it is a type of behavior that is among the Defensive and Proactive, the following hypothesis is proposed without direction:

***H3**: Analyzer-type strategy affects the probability that the company is a zombie one.*

Next, Figure 1 is presented where the hypotheses of the investigation are summarized by means of a model.

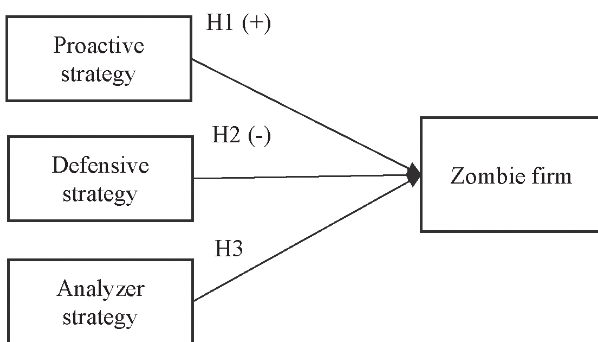

Figure 1. Research model

3. Methodology

We selected the companies of the Mexican Stock Exchange (BMV), as the study subject of this research. The empirical study focused on the organizations that participated in the BMV between 2013 and 2017, a period in which 147 companies were registered in the capital market. The period covered by the research is characterized by having economic stability, which is favorable to the analysis of the effect of the study variables.
For the empirical study, organizations belonging to the financial sector were excluded, because financial information and its regulatory framework differ from other companies; which gives a total of 101 registered companies. Of which two did not publish their reports in any year, so the study considered 99 companies listed on the BMV. It is observed that about 31% belong to the Industrial sector, followed by Extraction of Materials with about 22%. Meanwhile, the Non-frequent consumer products sector has approximately 18% of the sample, the Telecommunications sector with 16% and, with a lower percentage, are the Frequent consumer products sector, the Health sector and the Energy sector with about 7%, 4% and 1%, respectively.

Additionally, family businesses were differentiated from non-family businesses considering whether the share ownership titles are in the hands of members of a single family, within the first group. Otherwise, they were considered as non-family businesses. According to the above, the sample has a total of 59 family businesses and 40 non-family businesses.
The level of non-payment of interest of each company (valuation of zombie companies) was determined by using the method proposed by Hoshi (2006), where the excess of the interest payment made by a company is estimated, with respect to the cost minimum debt (it will be deepened to the extent in the definition of variables section). Results showed that between 2013 and 2017, thirty-eight organizations distributed in the different sectors have been evaluated as zombie companies, as shown in Table 1.

Table 1. Distribution of zombie companies by sector in the BMV

Sector	Zombie	Total
Industrial	14	31
Material	8	22
No frequent consumption	7	18
Telecommunication	4	6
Health sector	2	4
Frequent consumption	2	17
Energy	1	1
Total	38	99

Source: self-made

3.1. Definition of variables

To categorize zombie companies, the ratio known as excess interest payment (EIR) developed by Hoshi (2006) was used. EIR represents the degree to which a company's real interest payment (R) exceeds the required minimum (R*). For this case, R* represents a hypothetical cost of debt, which is based on a preferential interest defined by Caballero et al. (2008), such as:

$$R^*_{i,t} = \left(rs_{t-1} \cdot BS_{i,t-1}\right) + \left(\left(\tfrac{1}{5}\sum rl_{t,j}\right) \cdot BL_{i,t-1}\right) \quad [1]$$

Where *BS* is equal to short-term debt (less than one year) minus accounts receivable and taxes in favor; *BL* represents long-term debt (greater than one year); *rs* is the interest of the cost of the average short-term debt, while *rl* is the interest of the cost of the average long-term debt (for *rl*, the Treasury Certificates [CETES] were taken as reference, which are the debt instrument with the lowest cost).
After the R* calculation, EIR is determined by:

$$EIR = \frac{R_{i,j} - R^*_{i,j}}{R_{i,j} + R^*_{i,j}/2} \quad [2]$$

Using the formula, a value between -2 and 2 is obtained, where organizations with a negative EIR are classified as zombie companies, while non-zombies obtain a positive value. Therefore, the companies with a negative EIR were assigned to the zombie category (1), while those with a positive EIR were assigned to the non-zombie category (0).
According to Hoshi (2006), the mean is reliable in identifying zombie companies, having a minimal probability of making the mistake of classifying healthy companies as zombies. However, with the purpose of reducing this probability of error, it was decided to apply the criterion of Fukuda and Nakamura (2011) for the categorization of zombie companies, which consists of comparing the generation of profit with respect to the hypothetical interest, under the argument that a company capable of generating a gross profit to cover the cost of the debt could not be a zombie, in other words, when EBITDA > R* the company should be in the healthy category (0) despite having a negative EIR.

Regarding the determination of the type of strategy implemented by a company, the method of strategic classification by score used by Anwar and Hasnu (2016a, 2017) and Hambrick (1983) was selected. This method combines actions of a strategic nature and the degree of use by the companies analyzed, measured through the financial information published in the basic audited financial statements. Some of the actions include a focus on growth and sales, the degree of innovation and technology used, and productive efficiency. Table 2 summarizes the elements that make up the determination of the type of strategy, while Table 3 describes the measurement of each variable.
Once the indicators have been obtained, a quintile classification is carried out, which will serve to give a score to each dimension of the companies. The score is assigned based on the place occupied from 0 points for quintile 1 to 4 points for quintile 5. The classification criterion is based on the interpretation of each dimension evaluated (see Table 2).

Table 2. Dimensions of the business strategy

Dimension	Concepto	Interpretation
Orientation towards innovation	The propensity of the company to innovate and the degree of market focus it employs.	High value for proactive. Low value for defensive
Production efficiency	Relationship between production costs and finished products.	High value for proactive. Low value for defensive
Sales growth rate	Approach to investment and expansion opportunities chosen by a company.	High value for proactive. Low value for defensive
Capital intensity rate	Degree of efficiency in technological and engineering investments.	Low value for proactive. High value for defensive

Source: Anwar and Hasnu (2016a, 2016b, 2017)

Table 3. Calculation of strategic actions

Dimension	Measure	Interpretation
Orientation towards innovation	$\frac{Marketing, maintenance\ and\ administrative\ expense}{Sales}$	High value for proactive behavior / Low value for defensive behavior
Production efficiency	$\frac{Sales\ cost}{Sales}$	High value for proactive behavior / Low value for defensive behavior
Sales growth rate	$\frac{Initial\ sales\ value}{Final\ sales\ value}^{\frac{1}{\#\ of\ years}} - 1$	High value for proactive behavior / Low value for defensive behavior
Capital intensity rate	$\frac{Value\ of\ property, plant\ and\ equipment}{Total\ assets}$	Low value for proactive behavior / High value for defensive behavior

Source: self-made based on the consulted authors

Finally, the summation of the scores obtained in each strategic action is carried out and, depending on the final score, the business strategy is categorized. The criteria used to categorize a company are based on Anwar and Hasnu (2017) and Evans and Green (2000) and are the following: a score of 0 to 5 to categorize Defenders, from 6 to 10 for Analyzers, and Proactive obtained a score from 11 to 16. Thus, a categorical variable is obtained that identifies the type of strategy used by each company. The coding of the type of strategy resulted in Defender (1), Analyzer (2), Proactive (3) and Reactive (4).

3.2. Logit data panel model

A logistic panel data analysis was developed; according to Cameron and Trivedi (2010) in a strictly balanced panel, all variables present observations for each time involved in the study, that is, there are no missing data. Table 4 shows a general description of the panel, concluding that the research is composed of a short panel, with a cross section greater than the longitudinal one, that is, the group of observations is greater than the time series used (N > T).

Table 4. Dashboard summary

Concept	Report
Panel type	Strongly balanced panel
Observations (N)	99 firms
Periods (T)	5 years
Tecnic	Logit panel data
Software	Stata

Source: self-made

The data panel analysis allows us to run models with binary dependent variables, in this case, to measure the propensity of the proactive strategy in the probability that the organization is likely to be a zombie company and performs a binary logistic regression. The dependent variable is categorized if the company has the zombie condition (yes = 1, no = 0), and the independent variable corresponds to the category of the type of strategy that it implements (Defensive = 1, Analyzer = 2, and Proactive = 3).

4. Results

The statistical analysis was carried out in four models, in each model a type of strategy was set to observe the change in the probability that a company is a zombie one. Although each model shows similar information and may be redundant, it was decided to run them in order to show the variations in the effect of each type of strategy.

Thus, Model 1 uses the Defensive strategy; Model 2 uses the Analyzer; Model 3 uses the Proactive; and, finally, Model 4 uses the Reactive. All of them are used as fixed strategies. Table 5 shows that the models meet statistical significance, however, model 4 does not show significance in any of the strategies, so the analysis will focus on the first three models. In this way, the corresponding hypotheses can be contrasted.

It can be observed, in the first model, that both the Analyzer (6.508) and Proactive (5.762) strategies increase the probability of being a zombie company, according to the odds ratio, the former being the one with the greatest effect. This shows that the Defensive strategy avoids falling into the zombie situation.

Table 5. Results of panel analysis of logit data

	Model 1		Model 2		Model 3		Model 4	
	Odds ratio	Std. error	Odds ratio	Std. error	Odds ratio	Std. error	Odds ratio	Std. error
Defensive			0.1735**	0.1119	0.1735*	0.1723	0.4443	0.7590
Analyzer	6.508**	4.7419			1.1294	0.8465	2.2891	2.8918
Proactive	5.762*	5.7211	0.8853	0.6635			2.5602	2.5602
Reactive	2.25	3.8451	0.3458	0.5630	0.3905	0.6765		
Age	1.004	0.0036	1.0046	0.0036	1.0046	0.0036	1.004	0.0036
Size	0.7961*	0.1001	0.7961*	0.1001	0.7961*	0.1001	0.7961*	0.1001
Profitability	0.2048**	0.1512	0.2048	0.1512	0.2048**	0.1512	0.2048**	0.1512
Wald chi2	14.57		14.57		14.57		14.57	
Sig.	0.0239		0.0239		0.0239		0.0239	
Log likelihood	-176.0192		-176.0192		-176.0192		-176.0192	

Note: * 0.1 significance level, ** 0.05 significance level, *** 0.01 significance level.
Std. error= Standard error.

Model 2 shows that both the Defensive and Proactive strategies decrease the probability of being a zombie company, with respect to the Analyzer strategy. This evidence should be taken with caution, because only the Defensive strategy shows statistical significance. In other words, the result shows that only this type of strategy decreases the probability of being a zombie company.

Finally, Model 3, which compares the effect of the types of strategy with respect to the Proactive strategy, confirms the Defensive as the type of strategy that reduces the zombie situation. Although it shows that the type of analytical strategy increases the probability, it does not have statistical significance, so this effect cannot be assured (Bain, 1968; Rumelt et al., 1991; Shapiro, 1989). The Proactive strategy shows a contribution to the probability of incurring into the zombie situation. Models 1 and 4 show an increase in probability in the zombie situation, and model 2 shows a decrease in probability compared to the Analyzer, however, the odds ratio is higher than the rest of the strategies. The foregoing gives reason to support H1, although it should be noted that only one of the models shows statistical significance.

On the other hand, the results of the various models agree that the defensive strategy type has a lower contribution to the zombie situation, it even decreases that probability, maintaining statistical significance in two of the models, which is why the H2 is supported. Finally, the Analyzer-type strategy shows a contribution to the zombie situation, even presenting statistical significance in some cases. For this reason, it can be affirmed that this type of strategy contributes to a greater extent to the zombie problem, that is, the H3 is supported, remembering that a specific direction was not anticipated.

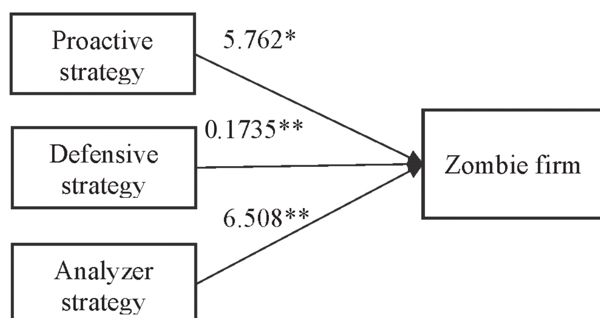

Figure 2. Research model, with the results of the empirical analysis. Odds ratio and corresponding significance are shown

In summary, Figure 2 shows that the Proactive strategy increases the probability of being a zombie company (H1); the Defensive Strategy decreases the probability of being a zombie company (H2); and, finally, the Analyzing Strategy has a significant effect (H3), adding that it does so, increasing the probability of being a zombie company.

Additionally, to complement the previous empirical analysis, as well as to give greater robustness to the study, a multiple regression analysis was carried out using the metric variables for the classification of zombie companies (EIR) and the strategic score to determine the type of strategy of the companies, adding the variables of year and industry (Table 6).

Table 6. Multiple regression analysis

EIR	Coef.	Std. Error	Sig.
Strategy	-0.0347	0.0163	0.034**
Age	-0.0008	0.0004	0.069*
Size	0.0090	0.0186	0.629
Profitability	0.2254	0.0950	0.018**
Constant	0.3784	0.3420	0.269
R^2		0.0281	
F		3.54**	

Note: * significance at 10%; ** significance at 5%; significance at 1%
Std. error= Standard error.

The results show a significant model and with a similar relationship to the logit model. Remembering that the dependent variable is negative for the zombie company, it can be interpreted that, as a strategy tends to be Proactive, the zombie situation will be deeper, because the variable shows a negative and significant coefficient.

To integrate the family element into the analysis, two ANOVA tests were performed, considering family businesses and non-family businesses the two groups to contrast. Meanwhile, the EIR measure of the zombie company and the Strategic Rating were the variables to be compared. Table 7 reports the results of the analysis.

Table 7. Analysis of variance, family businesses and non-family businesses

Groups	Variable: zombie firm			
	Firms	Mean	F	Sig.
Family business	59	0.346	0.16	0.6888
Non-family business	40	0.309		
Groups	**Variable: Strategy**			
	Firms	Media	F	Sig.
Family business	59	8.49	0.04	0.8419
Non-family business	40	8.545		

Note: * significance at 10%; ** significance at 5%; significance at 1%

As evidenced in the Table 7, no significant difference is identified between family and non-family companies in terms of zombie companies, which leads us to conclude that, regardless of the level

of shareholding concentration in the hands of the family, it does not affect as a zombie company. Similarly, no differences are reported between family businesses and non-family businesses considering business strategy. Denoting that both groups of companies are homogeneous for the variables used.

5. Discussion and Conclusions

The study fulfills the objective of analyzing the effect of the type of business strategy in zombie companies, discriminating between family and non-family companies. The results show that adopting a defensive strategy decreases the probability of being a zombie company. It is even shown that this strategy is the most effective to avoid incurring into the zombie situation. This coincides with the evidence provided by Nakamura and Fukuda (2013), Shen and Chen (2017) and Urionabarrenetxea et al. (2018).

It should be noted that Nakamura and Fukuda (2013) studied companies that were in a stage of restructuring their business. They prioritized the reduction of inactive fixed assets and the reduction of personnel through the implementation of these actions; therefore, they left the zombie condition by adopting behaviors associated with the type of defensive strategy. On the other hand, Shen and Chen (2017) found that, in China, many manufacturing companies were working, underusing their productive capacity, so that companies that used operational efficiency were performing better than zombie companies.

Using a sample of manufacturing companies may ensure that operational excellence (defensive or analytical strategy) can deliver better results than possible, under certain conditions. However, Urionabarrenetxea et al. (2018) used a broad spectrum of companies and concluded that those that base their operations on intangible assets are more likely to be zombie companies.

It should be remembered that companies in Mexico have distinctive characteristics in terms of ownership, such as being a family business, an information management company, a business practices one. Therefore, it is convenient to study the literature on business strategy, since it does not highlight one type of strategy over another one (except the reactive strategy), but the result is based on whether the company implemented any strategy correctly. In this case, there will be the same probability of success against the stimulus of the market and the capacities of the organization itself, regardless of the type of strategy implemented (Miles et al., 1978). Hence, the explanation about the effect of each type of strategy on the zombie company is in the way in which they implement the strategy and not in the strategy itself.

Taking into account the previous argument, it is necessary to refer to some characteristics of the environment. The company builds its structure and behavior according to its best conditions to survive or succeed (Bain, 1968; Rumelt et al., 1991; Shapiro, 1989), how the dynamic and global environment of markets, new technologies and the emergence of new business models complicate the development of companies, and Latin America is no exception (Bianchi et al., 2018).

Therefore, a concern about the competitiveness of companies in emerging economies, particularly in Latin American countries, is a central point, both for the academia and for government institutions in these places (Bianchi et al., 2018), including it in national policies and government agendas, making it a central issue (Albornoz, 2013; Ledur & Carvalho, 2006).

Bradshaw (2017) provides an example of this, explaining that the Brazilian government implemented regulatory reforms aimed at modernizing the energy sector, allowing innovation to prosper as good business practice. Likewise, Mojica (2010) explains that in countries such as Chile, Brazil, Colombia and Mexico they have organizations or institutions focused on improving the development or implementation of innovations, both for organizations and companies.

Given the empirical results, we suggest that the promotion and policies for the adoption of behaviors focused on innovation or technology is not adequate, in addition that organizations are not prepared, both structurally and organizationally, to develop an effective strategy. Thus, adding the institutional interest in promoting innovation and technology, plus the failed implementation of the proactive strategy, means that different agencies have to support the operations of the companies to avoid their bankruptcy. This could explain why a type of Proactive strategy increases the probability of incurring into the zombie situation.

Returning to the concentration of ownership, specifically on family businesses, no significant differences were found with respect to non-family ones, considering the zombie variable and the strategy variable. However, considering that a strategy alone does not improve or worsen the results, it should be noted that the generation of the zombie problem could be the result of privileging the family interests and not those of the organization, which would suppose an agency problem. Furthermore, taking into account that more than most of the BMV companies are family-owned (Espinoza & Espinoza, 2012; KPMG, 2013; Ramírez-Solís et al., 2016), the global empirical results suggest that family-owned companies that have a type of defensive strategy decrease the probability of being a zombie, unlike the type of analytical and proactive strategy.

On the other hand, it is necessary to point out that authors such as Caballero et al. (2008), Hoshi (2006), Imai (2016) and McGowan et al. (2016) found that there are industries with a greater propensity for zombie companies, such as the construction, real estate, insurance and financial sectors, to name a few. In Mexico, in addition to finding zombie companies in the industrial sector, a recurrence of zombie companies was also found in sectors such as mineral extraction, infrastructure developers, passenger air transport companies and telecommunications companies.

Consequently, the presence of zombie companies in such industries may be due to the need for economic operators to facilitate the provision of necessary products or services within economies. It is not intended, with this study, to maintain that zombie companies are "a necessary evil", but rather that the figure of the zombie company can be a figure adopted to survive under certain conditions, due to the need for its product or service to maintain the economic activity. With the COVID 19 pandemic, zombie companies worldwide have increased, so it is necessary for the family business to implement strategies to avoid falling into this condition, which puts their survival at risk.

This work opens the debate on the existence of different types of zombie companies. As a future line of research, it is proposed to analyze whether there are differences between these companies, both in their characteristics and in their behavior, which would imply new fields of research. Also, it is proposed to extend this study to other countries in the region to find similarities or differences. On the other hand, it would be convenient to add other types of variables that represent the effect exerted by the industry in which each company operates, because, according to the literature, it is an important element. In addition, it is suggested to extend this line of research, including the analysis of variables related to corporate governance, such as composition of the board of directors (size, independence, gender, duality), support committees of the board, characteristics of the CEO, among others.

Regarding the limitations of the research, it must be considered that it corresponds to a group of companies that are listed on a stock market and do not represent all of the business units in the country, so it would be convenient to study this phenomenon in other types of companies.

Finally, the article concludes that zombie companies in Mexico differ from other contexts, since the particular conditions of the environment offer different mechanisms for the development of organizations. A priori, it can be thought that a proactive or analytical company is far from the initial description of the zombie company. However, both the lack of implementation of the business strategy and the institutional tendency to promote this type of behavior, regardless of the purpose, are more elements in the formation of a zombie company.

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The Performance of Family Firms During Crisis Periods: The Case of Greece

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Family business performance, Ownership, CEO, Board of directors, Financial crisis

Abstract This paper examines the effect of the family involvement in the performance of Greek listed companies, during the Greek financial crisis. The involvement of family in firm's ownership, management and governance along with the firm's age constitute the unified framework that describe the family influence on the enterprise. The main contribution of this paper is the investigation of a research period when Greece faced an unprecedented economic 9 year crisis that affected all sectors of the economy, with 72% of listed companies showing a decrease in revenue and the total capitalization of the Greek Stock Exchange shrinking by 70%. No previous study has incorporated performance data on listed companies during a corresponding financial crisis with large fluctuations in all performance indicators and a high volatility in the national economy. The sample of the research includes 80 family firms listed in the Greek Stock Exchange. The findings illustrate a better performance for family firms with lower family ownership and prove a stronger performance in younger family businesses. The results of the study do not confirm the positive involvement of family members, through management (CEO) and governance (BoD) positions in the family business performance.

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PALABRAS CLAVE
CEO, Consejo de administración, Crisis financiera Desempeño de la empresa familiar, Propiedad

El rendimiento de las empresas familiares durante los períodos de crisis: El caso de Grecia

Resumen Este trabajo examina el efecto de la implicación familiar en los resultados de las empresas griegas que cotizan en bolsa, durante la crisis financiera griega. La participación de la familia en la propiedad, la gestión y el gobierno de la empresa, junto con la edad de la misma, constituyen el marco unificado que describe la influencia de la familia en la empresa. La principal contribución de este trabajo es la investigación de un periodo de investigación en el que Grecia se enfrentó a una crisis económica sin precedentes de nueve años que afectó a todos los sectores de la economía. Durante este período de crisis disminuyeron un 72% los ingresos de las empresas griegas cotizadas y la capitalización total de la Bolsa griega se redujo en un 70%. Ningún estudio anterior ha incorporado datos sobre el rendimiento de las empresas que cotizan en bolsa durante una crisis financiera correspondiente con grandes fluctuaciones en todos los indicadores de rendimiento y una gran volatilidad en la economía nacional. La muestra de la investigación incluye 80 empresas familiares que cotizan en la Bolsa griega. Los resultados ilustran un mejor rendimiento de las empresas familiares con menor propiedad familiar y demuestran un mayor rendimiento en las empresas familiares más jóvenes. Los resultados del estudio no confirman la implicación positiva de los miembros de la familia, a través de los puestos de dirección (CEO) y de gobierno (BoD) en el rendimiento de la empresa familiar.

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1. Introduction

Businesses can be divided into family and non-family and there are many researches that connect some of their results to whether the company is family or not (Barbera & Moores, 2013; Chrisman et al., 2008; Wiener-Fererhofer, 2017). Many researchers are guided by a prime question: "How does the family contribute to the business and its success?". To answer this question, the concept of familiness (Habberson & Williams, 1999; Habbershon et al., 2003) has developed to describe the particular internal resources that affect the family involvement in the enterprise. The concept of participation includes family involvement in ownership, management and governance (Chrisman et al., 2005). This is the basic prerequisite for a family to exert influence on the family business and this approach is sufficient to qualify a business as a family business (Pearson et al., 2008).

The impact of the ownership and management structure on the performance and development of the company is a subject to intense discussions (Anderson & Reeb, 2003; Barontini & Caprio, 2006; Sraer & Thesmar, 2007; Williams Jr, 2018; Williams Jr et al., 2019). Much of this discussion focused on studying the relationship between the family involvment in ownership, governance and management and the business performance (Danes et al, 2009; Sirmon & Hitt, 2003). These studies provide differentiated conclusions regarding the contribution of the family involvement in the business performance (Eddleston et al., 2012).

This study examines factors related to family influence on the performance of the Greek listed family firms. These include the dimensions of family ownership, family management and family governance, as well as the separate effect of business age. These factors constitute a unified framework of family influence on the company's performance. The research collects data for a sample of 80 listed family firms for the years 2005 – 2018, that covers two periods before and during the Greek financial crisis. This historically unique period started in 2010 when Greece signed its first MoU with its creditors (EC, ECB, IMF), includes the critical year 2015 when the referendum was held which essentially judged the country's presence in the Euro and closed in 2018 when Greece completed its obligations in the third and final MoU with its creditors. The study contains financial (ROA), ownership, governance (board of directors) and management (CEO) data in order to examine the impact of the family effect in the business performance, in the unexplored field of the Greek listed family firms. An important asset of our research is the data. To the best of our knowledge, the sample, on its current form, is unique, since we manually gathered the data and it is not available elsewhere (payware or freeware database).

The main contribution of this research is the investigation of the business performance during a period when Greece faced an unprecedented economic 9 year crisis that affected all sectors of the economy, all forms of entrepreneurship and undoubtedly the life of the inhabitants as a whole. This econometric research included data for a period with large fluctuations in all performance indicators and high volatility for the Greek economy, which makes it unique compared to all other studies that have dealt with the performance of listed family businesses. No previous study has incorporated data on listed companies during a corresponding national financial crisis. The most important elements of the uniqueness of this crisis are two. First, the degree to which it affected companies, with 72% of listed companies showing a decrease in revenue and the total capitalization of the Greek Stock Exchange shrinking by 70%. The second is the time for which the crisis affected the national economy and consequently the listed companies, which approached 10 years. This volatile environment has led to large deviations in business performance, overturning important findings from previous researches on the impact of the family, particularly on family firm's management and governance.

The paper is organized as follows. The next section reviews theory and sets the research hypotheses, while the third section presents the Greek context. The fourth section discuss our data from the Greek Stock Exchange and demonstrates the statistics and the fifth one discusses the findings. The sixth section presents implications, limitations and future research challenges and the final section concludes the paper.

2. Literature Review and Hypotheses Setting

Most of the research that sought to investigate the effect of family on family business performance was based on two basic theories. The first and most common theory, known as agency theory, argues that the distinction between ownership and management in a business can lead to conflicts between shareholders and managers (Block et al., 2011; Dyer, 2006; Miller et al., 2007; Sciascia & Mazzola, 2008). Jensen and Meckling (1976) introduced the agency theory to explain these conflicting goals between shareholders and managers. The agency relationship is a contract under which a person hires another person to perform certain duties or services on behalf of the former, partly transferring the decision-making power. When the information is incomplete, the shareholder does not know exactly the actions of the manager. The problems of representation can then take on two

dimensions: the bad choice, which refers to the missing skills and abilities of the manager, and the moral hazard, which refers to the manager's lack of effort (Eisenhardt, 1989). Both dimensions create costs that are called agency costs (Jensen & Meckling, 1976).

The second theory, which is increasingly found in the literature, known as stewardship theory, argues that managers do not always seek to accomplish their own individual goals but rather act as stewards of the business (Davis et al., 1997; Miller & Le Breton-Miller, 2006; Uhlaner et al., 2007).

In terms of stewardship theory, researchers have argued that a good steward in a family business takes care of the assets of a family that wants to pass on a healthier and stronger business to future generations (Davis et al., 2010). This could easily be identified as a determinant of superior family business performance and as a source of competitive advantage (Eddleston & Kellermanns, 2007; Miller et al., 2008).

However, it is generally accepted that wealth creation is not necessarily the sole or even the primary goal of all family businesses (Davis & Tagiuri, 1989; Sharma et al., 1997; Tagiuri & Davis, 1992). Miller and Le Breton-Miller (2006) describe that family owners and managers are often deeply concerned with ensuring business continuity or longevity and therefore invest in developing the business for the benefit of family members.

This ambition for longevity allows for the establishment of long-term relationships of trust with stakeholders (Tagiuri & Davis, 1996) and may aim to create a work environment with a strong belief in corporate culture that favors the emergence of talented groups of people.

2.1. Ownership and firm performance

Some researchers are exploring the agency theory and concluding that family ownership can maximize agency problems and negatively affect the firm performance (Barclay & Holderness, 1989; Gómez-Mejía et al., 2001; Morck et al., 2005; Schulze et al., 2003). On the other hand, a number of agency theory-driven studies conclude that family ownership can minimize agency problems and thus enhance performance and build shareholder value (Anderson & Reeb, 2003; Maury, 2006; San Martin-Reyna & Duran-Encalada, 2012). Other scholars prove that the strong involvement of family members in the ownership and management of family businesses leads to an alignment of interests (Fama & Jensen, 1983) and undoubtedly a reduction in conflict (Becker, 1974; Daily & Dollinger, 1992; Eisenhardt, 1989). Therefore, the majority of studies exploring the influence of family ownership on firm performance, according the agency theory, illustrates positive links between the two.

Stewardship theory has not been widely used to study the business performance in listed firms (Andres, 2008). However, studies that have already been conducted highlight the special characteristics of family businesses, such as the relationship of trust between family members and the strong commitment to its goals, which ultimately positively affect the business performance (Miller & Le Breton-Miller, 2006; Uhlaner et al., 2007).

Especially, regarding the relationship between the concentration of ownership and the performance in listed companies, some studies show a non-linear trend that varies depending on the percentage of ownership or voting rights held by the family (Anderson & Reeb, 2003; Sciascia & Mazzola, 2008). Maury (2006) also shows that the relationship is always positive, but it is extremely important only in a percentage of ownership higher than 30%.

On the other hand, the results for unlisted family companies are rather varied. Regarding unlisted companies, Sciascia and Mazzola (2008) argue that the relationship between family ownership concentration and profitability is positive but not significant. Similarly, in other studies, there does not appear to be a statistically significant correlation between family ownership and performance (Chrisman et al., 2004; Schulze et al., 2001; Sciascia & Mazzola, 2008; Westhead & Howorth, 2006). There are many studies show that family ownership has a positive effect on the performance of a listed firm (Anderson & Reeb, 2003; Chu, 2009; Hamelin, 2013; Kowalewski et al., 2010; Lisboa, 2016; Maury, 2006; Pindado et al., 2008; San Martin-Reyna & Duran-Encalada, 2012; Schepers et al., 2014; Sciascia et al., 2012), while only few support the opposite conclusion (Filatotchev et al., 2005; McConaughy & Phillips, 1999; Miller et al., 2007).

Based on the so far conducted researches it is interesting to verify the following hypothesis:

Hypothesis 1. *There is a positive relationship between family ownership and firm performance, for the Greek listed companies during the research period.*

2.2. Firm age and firm performance

Referring to the age of family businesses, Anderson and Reeb (2003) found that they were established on average 76 years ago. Miller et al. (2007), in their own study also find that 31% of family businesses are still in their first generation and 69% in their second generation. Sraer and Thesmar (2007) argue that family businesses are younger when run by their founders, while those with descendants or professional managers are clearly older.

Researchers suggests that the firm age can affect the firm performance. Some of them have come

to conclusion that the firm performance decreases as the business becomes older and when the ownership is transferred to the next generations (Anderson & Reeb, 2003; Block et al., 2011; Herrera-Madueño et al., 2011; Villalonga & Amit, 2006). They believe that the older family firm may not perform as well as their younger counterparts due to the loss of the long-term orientation or due to conflicts that may arise between members of the extended family. Other studies illustrates that younger family firms, are more likely to have a positive influence on firm performance compared to older firms (Anderson & Reeb, 2003; Villalonga & Amit, 2006).

Many researchers identify the importance of the successful succession as the one that guarantees the subsequent positive performance of the company, its sustainability, and the satisfaction of stakeholders with the process of succession (Le Breton-Miller et al., 2004). The relationship between succession and performance in family businesses has also investigated in the literature (Cucculelli & Micucci, 2008). The results show that succession negatively affects performance, both in the case of a family member successor and a successor unrelated to the family. Thus, the existence of succession costs is reflected in both cases. It is observed that the reduction in performance after the succession is greater for companies where their management is undertaken by one person within the family, in contrast to the succession with a non-family member. This is explained by the trend of external executives to reorganize the structure of the company.

Based on the so far conducted researches it is interesting to verify the following hypothesis:

Hypothesis 2. *The positive relationship between family ownership and performance is stronger in younger firms, for the Greek listed companies during the research period.*

2.3. Family management and firm performance

Family members often hold senior management positions in family firms. The degree of family involvement in management, regardless of the roles that members play, varies according to studies between 33% (Maury, 2006) and 80% (Barontini & Caprio, 2006).

Many studies have explored the role that family members can play as CEOs (Morck et al., 1988; Peng & Jiang, 2010; Villalonga & Amit, 2006). In companies controlled by the founders, the founder is the CEO in 50% of cases, one of his descendants is in 11% of cases and the founder has a non-executive role in 39% of cases. The presence of professional CEOs is more frequent in the Anglo-Saxon countries, while in all countries it is found in later-than-first-generation family businesses.

A CEO with reference to the family has a greater commitment and a better knowledge of the firm because he has grown up close to its day-to-day operation (Bertrand & Schoar, 2006; Donnelley, 1988). In addition, when businesses succeed, CEOs from the family are rewarded not only with cash benefits but also with personal satisfaction (Davis et al., 1997).

Many empirical researches have been conducted concerning the influence of family management, through the CEO position, on firm performance, especially in large listed companies (Anderson & Reeb, 2004; Daily et al., 1998; Poutziouris et al., 2015). Some of them highlights the positive effect in the performance of listed firm when the founder acts as CEO (Anderson & Reeb, 2003; Block et al., 2011; McConaughy et al., 1998; Miller et al., 2007; Saito, 2008; Villalonga & Amit, 2006). Many others believe that listed family companies outperform non-family companies when a family member is a CEO (Andres, 2008; Barontini & Caprio, 2006; Maury, 2006; Sraer & Thesmar, 2007). According to other studies a family CEO can bring along a better performance through best practices in terms of governance and management (Andres, 2008), long-term orientation (Eddleston et al., 2012) and cohesive organizational cultures and non-bureaucratic forms of organization (Le Breton-Miller & Miller, 2009).

On the other hand, as suggested by Sciascia and Mazzola (2008), family involvement in management has a negative quadratic relationship with performance (U-shaped). According this view, the performance decreases as family involvement increases and that the decrease is more noticeable at higher levels of participation.

However, both positive and negative relationships are drawn regarding the relationship between the family involvement in management and the performance of listed firms, the majority of the studies highlight the positive effect of this relationship (Anderson & Reeb, 2003; Andres, 2008; Block et al., 2011; Villalonga & Amit, 2006).

Based on the so far conducted researches it is interesting to verify the following hypothesis:

Hypothesis 3. *There is a positive relationship between firm performance and family involvement in management for the Greek listed companies during the research period.*

2.4. Family overnance and firm performance

Many firms have been born as family firms and even today the same families continue to control their corporate governance. According to agency theory when ownership is concentrated in the hands of one or a few shareholders, who also take on management roles, more effective corporate governance processes can be created (Jensen & Meckling, 1976; Shleifer & Vishny, 1997).

Therefore, their board of directors (BoD) are almost exclusively made up of family members. The European Country Analysis by Barontini and Caprio (2006) shows that family members are absent from the BoD in only 15% of family businesses and one of them is the CEO in 35% of cases. The members of the founding family participate in the BoD in 55% of the cases and only in 18% of the cases the members of the founding family do not have executive roles. The presence of heirs on the board is still high, especially in non-executive roles, indicating their willingness to retain a controlling role in professional CEOs.

The corporate structure of the BoD and its impact on firm performance is one of the most discussed issues in the literature (Anderson & Reeb, 2004; Huse, 2000; Zahra & Pearce, 1989). A number of studies conclude that family control of the board leads to improved performance of the firm due to the minimization of conflicts between family members and external non-executive directors (Andres, 2008; Chu, 2011; Giovannini, 2010). In addition, the influence of family members on the BoD as non-executive members seems to be significantly positive in performance according to some studies (Barontini & Caprio, 2006; Lee, 2006) and at the same time insignificant according to others (Maury, 2006).

On the other hand, some studies (Anderson & Reeb, 2004; McKnight & Mira, 2003; Weisbach, 1988) found a positive and important relationship between the percentage of external directors and the value of the business. However, other studies (Agrawal & Knoeber, 1996; Baysinger & Butler, 1985; Giovannini, 2010) found a negative relationship between the percentage of external directors in the BoD and the performance of the firm, and some studies (Dalton et al., 1998; De Andres et al., 2005; Jackling & Johl, 2009) found no relationship between the two variables.

However, both positive and negative relationships are highlighted regarding the relationship between the family involvement in governance and the performance of listed firms, the majority of the studies highlight the positive effect of this relationship (Barontini & Caprio, 2006; Giovannini, 2010).

Based on the so far conducted researches it is interesting to verify the following hypothesis:

Hypothesis 4*. There is a positive relationship between firm performance and family involvement in governance for the Greek listed companies during the research period.*

3. The Greek Context

The upward growth rates that began in Greece in 1993, ended in 2007-2008. Greece then had the second highest average GDP growth rate in the European Union after Ireland. With the international financial crisis of 2007-2009, the Greek adventure begun. In 2008 the crisis had not yet been fully realized in the country since the decline in economic activity was only -0.3%.

In 2009 the recession is growing in Greece, with exports collapsing and economic activity shrinking - 4.3%. The sharp decline continued until the end of 2013, when the overall decline in economic activity exceeded 26% and unemployment jumped to 28%.

The Greek economy entered a marginal phase of growth at the end of 2014 but the political changes in the country reversed again the data in 2015. The Greek crisis has two phases, with the first ending in 2013 and the second beginning in 2015.

On the Greek Stock Exchange, its capitalization shrank by 70% by 2016. Listed companies faced a huge loss of value in their corporate economy. More specifically, 72% of listed companies showed a decrease in revenue. On the first two years of the crisis (2008-2010) EBITDA showed a decrease of 29% and profit after tax by 200%, with total losses exceeding € 2.3 billion.

The crisis has created a “high cost of capital” environment. The decline in demand was large and quickly led companies to squeeze costs and reduce investment. Investment activity slowed significantly. At the same time, access to bank financing became more difficult and, in many cases, companies violated the terms of their loans, which led them either to an increase in borrowing costs or to a precarious position regarding the possibility of continuing their activities, with a corresponding burden on banks.

The decline in profitability was also affected by the new taxes introduced during the years of crisis. Thus, the lack of efficiency, combined with the financing problems by banks, led companies to looking for new credit mainly through their suppliers. The working capital of the companies decreased, while one in three listed companies had negative working capital.

The collapse of the profitability of listed companies, led them to reduce the number of their employees and in addition to reduce the total cost of their wages, resulting in a decrease in the average size of companies.

Of the 209 companies that remained on the Greek stock market during the crisis, only 32 companies showed systematic profits from 2008 to 2016. The main ones were the companies of the Top 10 of the stock market. From 2008 to 2018, only 2 of the 4 banks and 7 of the 10 non-financial enterprises maintained their position in the Top 10 of the capitalization of the Greek Stock Exchange.6

4. Methodology, Data and Statistics

This research investigates the listed firms in the Greek Stock Exchange (GSE) and more specifically includes 80 family-controlled firms. Our sample concerns the listed companies, excluding financial firms, that have had a continuous and uninterrupted presence in the GSE for the fourteen-year period from 2005 to 2018. The data excludes also companies that have gone bankrupt, are closed or inactive and those which are into liquidation. The data cover a five-year period prior to the financial crisis (2005-2009) and a nine-year period during the crisis (2010-2018). The data concerns business and financial variables of the listed firms.

The first set of data refers to the family's participation in the ownership of the business. To be considered a firm as family business, at least 10% of its shareholding must be in the hands of a family (Maury, 2006; Peng & Jiang, 2010; Pindado et al., 2008; Villalonga & Amit, 2006). According to other definitions this percentage could be either 30% (Barnes & Hershon, 1976) or 50% (Donckels & Fröhlich, 1991). For this reason we define three different classes (10% < S1 < 30%, 30% < S2 < 50%, S3 > 50%) in order to categorize family businesses according to the degree of involvement of a family in their shareholder composition.

The second set of data refers to the family involvement in the firm's management through the presence of a family CEO, as well as in the firm's governance through the family representation in the BoD (Anderson & Reeb, 2003). We conclude the participation of family members by the surname of the shareholders, the CEO and the members of the BoD, as in the previous studies of Villalonga and Amit (2006). Regarding the presence of family members in the BoD, we formed four groups BoD = 1, BoD = 2, BoD = 3 and BoD > 3 that describe the number of family members participating in the BoD of the family firm.

Additional variables that are analyzed were the size (Poutziouris et al., 2015) and the age (García-Ramos & García-Olalla, 2011) of the company. Especially for the size we define four separate categories, according the number of employees, in order to classify the firms, one for smaller ones (S < 50), one for medium (50 < M < 250), one for large (250 < L1 < 1000), and one for extra large businesses (L2 > 1000). Regarding the age, we define three separate categories, according the age of the family firm, one for younger ones (A1 < 30 years), one for medium aged (30 years < A2 < 70 years), and one for older firms (A3 > 70 years).

Concenring the measurement of the firm performance, our research includes data for the ROA index, in line with previous studies (Anderson & Reeb, 2003; Poutziouris et al., 2015). Table 1 offers a description of the dependent and independent variables that our study employs.

Table 1. Research variables

Variable	Description
Dependent	
ROA (%)	Firm's performance measure
Independent	
Family ownership (%)	Family ownership is classified into three subcategories: Family Shareholding 10% < S1 < 30% 30% < S2 < 50% S3 > 50%
Family board representation (BoD)	Four subcategories for the number of family members participating in the BoD. BoD = 1 BoD = 2 BoD = 3 BoD > 3
Family Executive (CEO)	The presence of a family member in the CEO position.
Size (Number of Employees)	Family firm size is classified into four subcategories: Small firms S < 50 Medium firms 50 < M < 250 Large firms 250 < L1 < 1000 Extra large firms L2 > 1000
Age	Family firm age is classified into three subcategories: A1 < 30 years 30 years < A2 < 70 years A3 > 70 years

The data collected and on which the results of the research are based concerns all family-owned companies listed on the GSE and includes the degree of the family ownership, the number of the family members in the BoD, the presence of a family member in the position of CEO, the age of the enterprises and the number of their employees.[1]

Table 2 presents descriptive statistics for these family firms concerning the above mentioned variables. Concerning the ownership rate of the family and the average number of employees, we see that as the family ownership increases, the number of employees decreases. This leads us to the conclusion that, in the larger companies, the families give up their business shares while, on the contrary, the smaller family-owned enterprises, maintain a greater degree of family character. Regarding the average number of family members in the BoD in family businesses, we see that as the ownership rate of the family increases, more family members participate in the BoD. As for the family or non-family status of the company's CEO, it becomes clear that the majority of family firms maintains a family member as chief executive officer.

have very different means. The different datasets correspond to the independent variable and the observations correspond to the dependent variable. A statistically significant ANOVA analysis proves that the independent variable affects the dependent. In this research, the dependent variable according to Table 2 is the Financial Performance (ROA) and independent variables that will be tested by the ANOVA method are the Family Ownership (Si), the Firm Age (Ai) and the number of family members participating in the BoD of the company (BoDi). The datasets created are independent since the companies belong to only one i group at a time.

The second method is the t-test for independent samples used to estimate the statistical significance of the difference between the means of two sets of observations. This test is performed when the two sets of observations come from two different samples. Statistical significance is calculated using the variability of available data to estimate possible differences in the means of the two samples. According to null hypothesis there is no significant difference. In this study, the dependent variable again according to Table 2 is the Financial Performance ROA and an independent variable that will be tested by the t-test method is the presence of a family member in the position of CEO.

Table 2. Family business descriptive statistics

Ownership (Share of capital - Si%)	**Family Business Population**	**Size** (Mean of number of employees)	**Governance** (Mean of family members in the BoD)
S3 > 50%	52 (65%)	404	2.58
30% < S2 < 50%	21 (26.65%)	1091	2.57
10% < S1 < 30%	7 (8.75%)	2850	2.14
Age (Categories of firm's age - Ai)		**Size** (Categories of number of employees)	
A1 < 30 years	10 (12.5%)	L1 > 1000	19 (23.75%)
30 years < A2 < 70 years	54 (67.5%)	250 < L2 < 1000	19 (23.75%)
A3 > 70 years	16 (20%)	50 < M < 250	37 (46.25%)
		S < 50	5 (6.25%)
Management (CEO)			
Family member	47 (58.75%)	Non family member	33 (41.25%)

Regarding the methodology, two statistical methods are used to evaluate the research data and to draw robust and safe conclusions to check the degree of influence of the independent research variables on the dependent.

The first method is the one-factor ANOVA variance analysis with independent samples which check whether two or more groups of observations

Prerequisite for the use of both ANOVA analysis and t-test is the normality test of the data. With this test we check whether our data follows a normal distribution to proceed to the next methodologies. In this research the normality test was

[1] All these data are available upon request to the author.

performed and proved the normal distribution of the data with similar results for the Mean, Median, Kurtosis and Skewness.
An additional condition for the application of the t-test is the control for the differentiation of the data variances. The F-test for the equality of two variances was applied in order to decide whether the variances of the data sets in each case are equal or not.

5. Findings

This paragraph presents the results of the analysis carried out on the financial performance data, correlated with the variables of ownership (Si), age (Ai), family members in BoD (BoDi) and family members in CEO position, for the above mentioned family firms.
Table 3 shows the means of the economic indicators (ROA) correlated with the degree of the family participation in the shareholder composition of the company, as defined in the variable Si (S1, S2, S3) of Table 2. We check whether the groups of observations have very different means, by applying an one-factor ANOVA variance analysis with independent samples. A statistically significant ANOVA analysis proves that the independent variable affects the dependent variable. According to the results, the average ROA values for family businesses with lower family shareholding in the ownership of business S1 (5.148) is higher than those for businesses with higher family ownership S2 (2.289) and S3 (2.456). In addition, evaluating the p-value which is 0.046 ($p < 0.05$) results in a statistically significant difference between the three groups. Therefore, the conclusion that the family firms with lower family ownership (S1) have better financial performance than the firms in the groups with higher family ownership (S2 and S3) can be supported. Another result is the non-linear trend of the performance that varies depending on the percentage of ownership held by the family, that confirms the conclusion of previous studies (Anderson & Reeb, 2003; Sciascia & Mazzola, 2008).
The Figure 1 also confirms the outcome of the statistical analysis. The group S1 with the lowest family ownership performs better compared with the other two group of companies S2 and S3, for the whole research period (2005-2018). Therefore, these findings do not support the hypothesized positive relationship between family ownership and firm performance of the hypothesis 1. These findings verify prior researches (Filatotchev et al., 2005; McConaughy & Phillips, 1999; Miller et al., 2007) that concluded better performance for family firms with lower family ownership.

Table 3. Financial performance (ROA) - Family ownership (Si)

Anova: Single factor

Summary

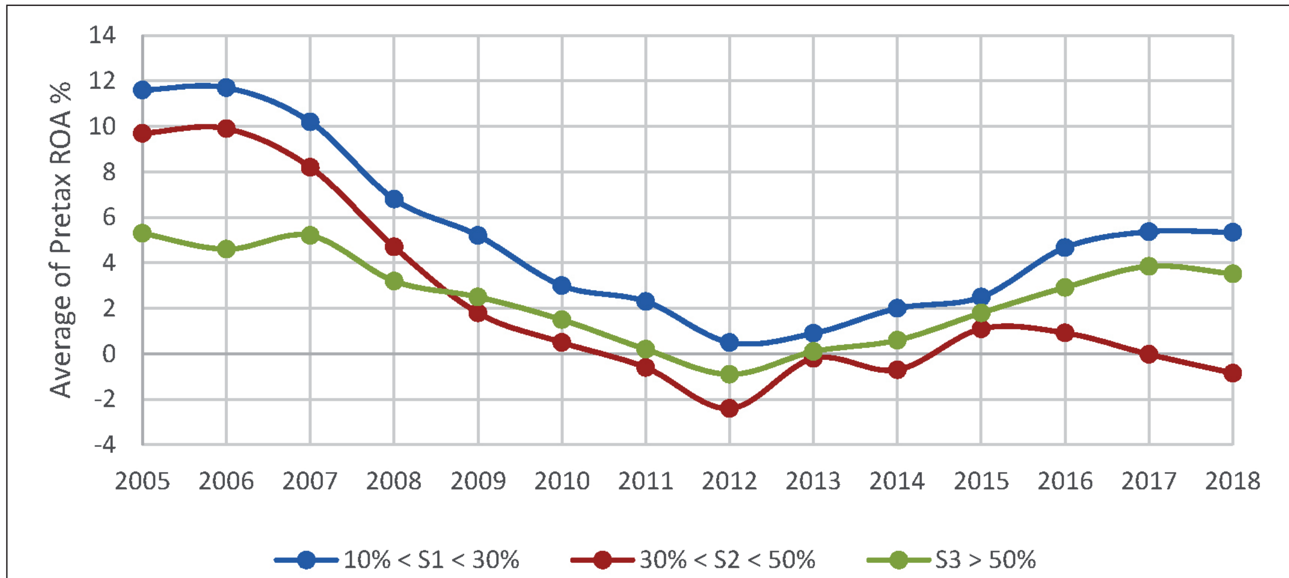
Groups	Count	Sum	Average	Variance
10% < S1 < 30%	14	72.08	5.148571	14.03249
30% < S2 < 50%	14	32.05	2.289286	16.99828
S3 > 50%	14	34.39	2.456429	3.904055

ANOVA

Source of variation	SS	df	MS	F	P-value	F crit
Between groups	72.10506	2	36.05253	3.095982	0.046502	3.238096
Within groups	454.1528	39	11.64494			
Total	526.2578	41				

Notes: Df = Degrees of freedom; F = F ratio = MS between groups/MS within groups; MS = Mean square; SS = Sum of squares
P-value is the probability of observing a result (F critical) as big as the one which is obtained in the experiment (F0), assuming the null hypothesis is true.
F crit = F critical is the value of the F-statistic at the threshold probability α of mistakenly rejecting a true null hypothesis.

Figure 1. Financial performance (ROA) - Family ownership (Si)



The age of the family firm is the next variable that was investigated on its effect on the business performance. Table 2, presents the three distinct categories (A1 < 30 years, 30 years < A2 < 70 years, A3 > 70 years) created regarding the age of the family businesses included in the survey. We applied one-factor ANOVA variance analysis with independent samples checking whether that the independent variable Ai affects the dependent variable ROA.

According to the results of Table 4, the mean ROA values for younger family businesses A1 (4.36) is higher than those for older enterprises A2 (2.77) and A3 (1.13). In addition, evaluating the p-value which is 0.047 ($p < 0.05$) results in a statistically significant difference between the three groups. Therefore, the conclusion that the younger companies of group A1, with age lower than 30 years, have better financial performance than the respective companies of the groups A2 and A3 with age bigger than 30 or 70 years can be supported.

Table 4. Financial performance (ROA) - Firm age (Ai)

Anova: Single factor

SUMMARY

Groups	Count	Sum	Average	Variance
A1 < 30	14	61.07	4.362143	22.21259
30 < A2 < 70	14	38.75	2.767857	4.32848
A3 > 70	14	15.79	1.127857	9.284541

ANOVA

Source of variation	SS	df	MS	F	P-value	F crit
Between groups	73.2291	2	36.61455	3.066065	0.047981	3.238096
Within groups	465.7329	39	11.94187			
Total	538.962	41				

Notes: Df = Degrees of freedom; F = F ratio = MS between groups/MS within groups; MS = Mean square; SS = Sum of squares.
P-value is the probability of observing a result (F critical) as big as the one which is obtained in the experiment (F0), assuming the null hypothesis is true.
F crit = F critical is the value of the F-statistic at the threshold probability α of mistakenly rejecting a true null hypothesis.

The Figure 2 confirms the results of the statistical analysis. The group A1 with the younger family firms performs better compared with the other two group of companies A2 and A3, almost the whole research period (2005-2018). These firms show better behavior and resilience compared to the other two categories.We can only detect some fluctuations in crucial moments for the economy of the country. Therefore, these findings can support the hypothesized positive relationship between the family company's age and the firm performance of the Hypothesis 2. These outcomes support the conclusion of other studies that family firms' performance is positively associated when the business is still in the first generation (Anderson & Reeb, 2003; Cucculelli & Micucci, 2008; Villalonga & Amit, 2006). sponding companies with a non-family member in the position of CEO can not be supported.

The study of the Figure 3 confirms this outcome. There is not a clear behavior of the family performance correlated with the family character of the CEO. In the period before 2009 business with non family CEO performs better and the results are the opposites after 2009. This view for this second period which is the period of financial crisis could be in line with previous studies that stress the positive links between founder involvement and profitability (Anderson & Reeb, 2003; Block et al., 2011; Villalonga & Amit, 2006). However, any such conclusion can not be supported from the statistical analysis.

Therefore, the positive relationship between firm performance and family involvement in management, through the CEO position that described in the Hypothesis 3, can not be confirmed by the research outcomes.

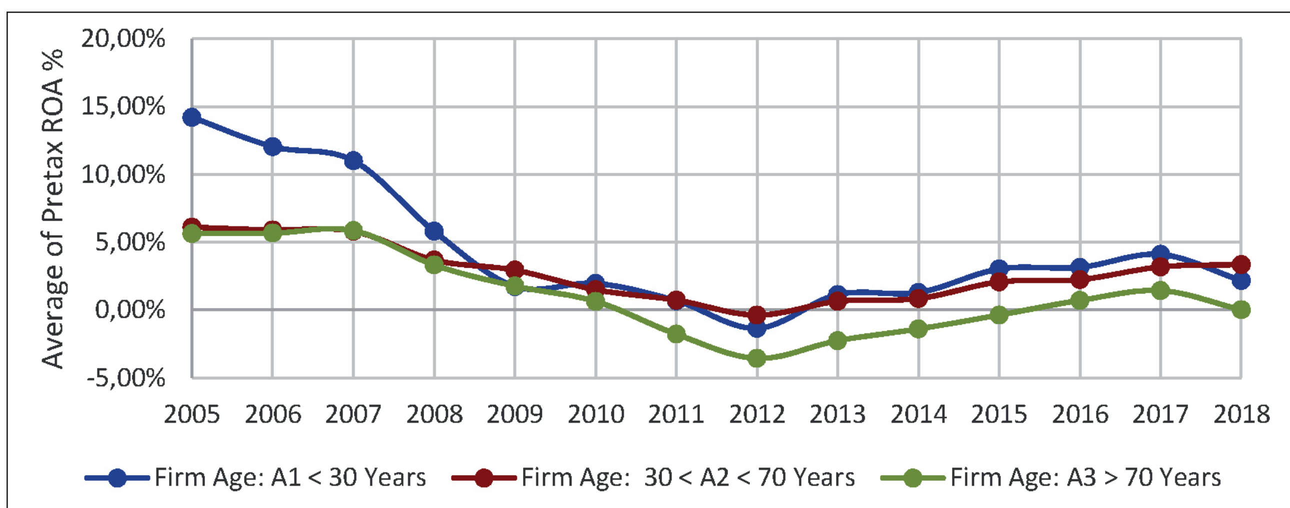


Figure 2. Financial performance (ROA) - Firm age (Ai)

The variable controlled by the Hypothesis 3 is the presence of a family member in the CEO role. Table 5 presents the means of financial ratio ROA for the listed family businesses, with the CEO either coming from or not coming from the family. We apply a T-test to investigate the statistical significance between the data of the two groups. Before that, we perform a two-sample F-test to know if the two groups have equal variance before performing the T-test. The analysis proves a p-value < 0.05 in the F-test and therefore we proceed to perform the T-test assuming that the two populations have unequal variances.

According to the results of Table 5, the mean ROA values for family CEO (2.85) is higher than the corresponding one for non family CEO (2.164). Nevertheless, evaluating the value of the p-value for two tail test, which is 0.533 (p > 0.05), results in a non-statistically significant difference between the two groups. Therefore, the hypothesis that companies with a family member in the position of CEO have better performance than the corre-

The next research variable refers to the number of family members participating in the BoD of the family firm. For the needs of this analysis we formed four groups of companies (BoD1, BoD2, BoD3 and BoD > 3) regarding the number of family members participating in the BoD of the firm, as described in Table 2. Table 6 presents the mean of the financial indicators ROA for these four categories.

We applied one-factor ANOVA variance analysis with independent samples checking whether that the independent variable BoDi affects the dependent variable ROA. The results of Table 6 show the average ROA values for family businesses with BoD1 (3.22), BoD2 (1.89), BoD3 (3.44), BoD > 3 (1.64). Evaluating the p-value which is 0.176 (p > 0.05) results in a non-statistically significant difference between the four groups. Therefore, the conclusion that family businesses with bigger

Table 5. Financial performance (ROA) - Family CEO

F-Test two-sample for variances		
	Non family CEO	**Family CEO**
Mean	2.164285714	2.850714286
Variance	12.72247253	3.693314835
Observations	14	14
df	13	13
F	3.444730031	
P (F < = f) one-tail	0.016822054	
F Critical one-tail	2.576927084	
T-Test: Two-sample assuming unequal variances		
	Non family CEO	**Family CEO**
Mean	2.164285714	2.850714286
Variance	12.72247253	3.693314835
Observations	14	14
Hypothesized mean difference	0	
df	20	
t Stat	-0.633911325	
P (T < = t) one-tail	0.266661199	
t Critical one-tail	1.724718243	
P (T < = t) two-tail	0.533322398	
t Critical two-tail	2.085963447	

Notes: Df = Degrees of freedom; F = F ratio = MS between groups/MS within groups
P-value is the probability of observing a result (F critical) as big as the one which is obtained in the experiment (F0), assuming the null hypothesis is true.
F crit = F critical is the value of the F-statistic at the threshold probability α of mistakenly rejecting a true null hypothesis.
t - value = measures the size of the difference relative to the variation in the sample data.

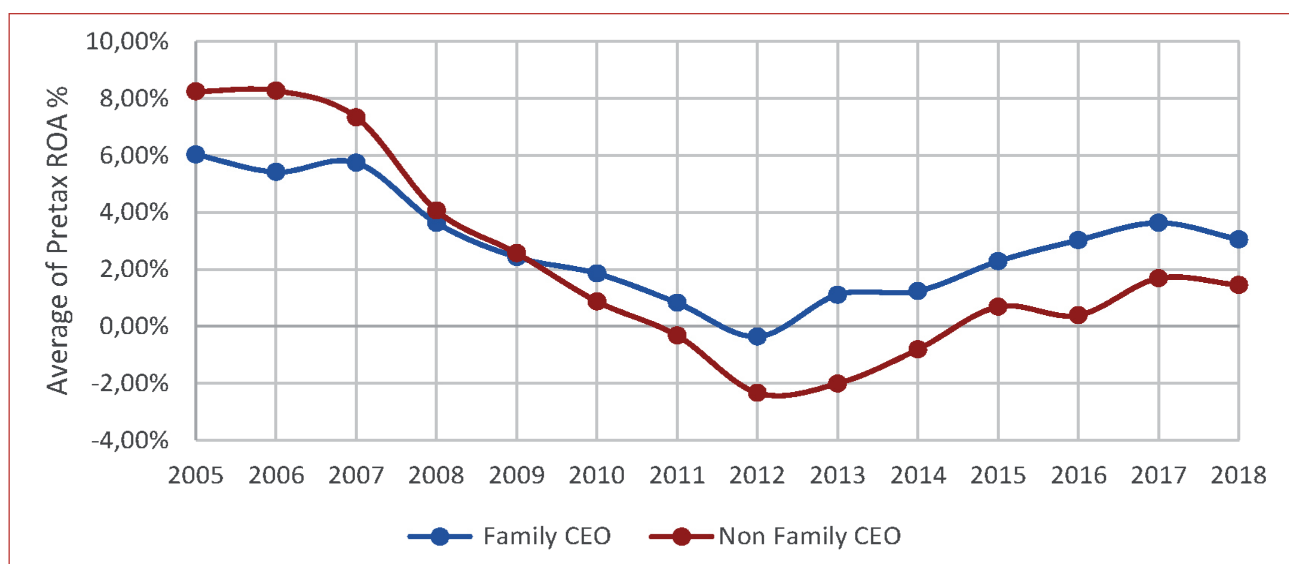


Figure 3. Financial performance (ROA) - Family CEO

participation of family members in their boards of directors (BoD3, BoD > 3) can perform better than those with lower presence of family members (BoD1, BoD2) cannot be supported.
The findings cannot confirm a significant correlation between the family participation in the BoD and the firm performance ROA. The Figure 4 confirms this confused picture regarding the financial performance of the four categories. Therefore, it is not possible to connect the participation of family members in the BoD with the more efficient governance of the company and consequently its better financial outcomes. So, it cannot be substantiated the positive relationship between firm performance and family involvement through the presence of family members in the BoD, that is described in Hypothesis 4.

6. Policy Implications, Limitations, and Future Research

The research investigated the impact of family involvement on the firm's performance during unique times for the Greek society and economy. The 14 year research period includes the economic crisis in Greece and some important facts as the referendum for the country's presence in Euro as well as the banks' capital controls.
The crisis created conditions of uncertainty affecting the performance of all the listed firms. The fluctuation of business performance grew as political and economic conditions constantly changed. The contribution of the study is the highlighting of crisis conditions that can overturn

Table 6. Financial performance (ROA) - Family members in BoD (BoDi)

Anova: Single factor

SUMMARY

Groups	Count	Sum	Average	Variance
Family members in BoD = 1	14	45.14	3.224286	8.846457
Family members in BoD = 2	14	26.51	1.893571	8.077517
Family members in BoD = 3	14	48.17	3.440714	7.307438
Family members in BoD > 3	14	23.04	1.645714	3.043873

ANOVA

Source of variation	SS	df	MS	F	P-value	F crit
Between groups	34.95324	3	11.65108	1.708665	0.176614	2.7826
Within groups	354.5787	52	6.818821			
Total	389.5319	55				

Notes: Df = Degrees of freedom; F = F ratio = MS between groups/MS within groups; MS = Mean square; SS = Sum of squares
P-value is the probability of observing a result (F critical) as big as the one which is obtained in the experiment (F0), assuming the null hypothesis is true.
F crit = F critical is the value of the F-statistic at the threshold probability α of mistakenly rejecting a true null hypothesis.

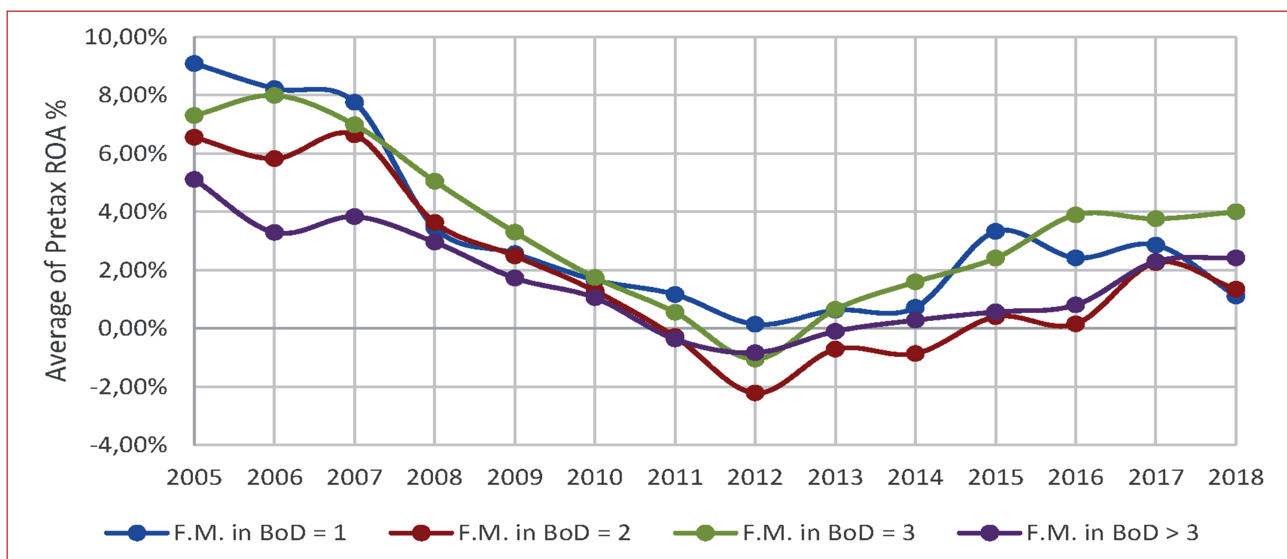


Figure 4. Financial performance (ROA) - Family members in BoD (BoDi). F.M.: Family members

a normality environment and therefore normal business behaviors.
The research proves that the companies with the lowest family ownership performs better compared with others with bigger involvement of the family in the sharehold of the enterprise. The positive relationship between family ownership and firm performance is not verified by the research. In addition, the better performance of the younger family businesses compared to all the others is also confirmed. Both these results reinforce the conclusions of previous studies (Anderson & Reeb, 2003; Barontini & Caprio, 2006; Filatotchev et al., 2005; McConaughy & Phillips, 1999; Miller et al., 2007; Poutziouris et al., 2015; Sraer & Thesmar, 2007; Villalonga & Amit, 2006).
Regarding the degree of family involvement in the firm's management (CEO position) and its effect on firm's performance, the findings cannot verify the conclusion of similar studies (Anderson & Reeb, 2003; Laffranchini & Braun, 2014; Miller et al., 2007; Poutziouris et al., 2015; Salerno, 2019; Villalonga & Amit, 2006). As for the family participation in the governance and its effect on the firm's performance, the results show a confusing picture and there is no clear trend to confirm the findings of previous research. Therefore, we cannot prove that the involvement of more family members other than the founder in the BoD can improve the performance of the firm.
The volatile environment with the large fluctuation in the performance index, during the crisis period, affected the findings providing an alternative perspective on the usual results concerning the relationship between family involvement and performance, that investigated in Hypotheses 3 and 4.
The research is not free from limitations. A first limitation concerns the sample of the business. The sample included only companies that had a continuous and uninterrupted presence in the stock exchange market during the research period. These companies were the ones that survived the conditions of the unprecedented crisis, and the sample is missing those companies that suspended their participation in the stock market for any reason. Another one was the absence of all the enterprises of the financial system (banks) and insurance companies that were individually affected by this crisis. In a similar study for another type of crisis, such as the pandemic crisis of Covid, these enterprises could be considered.
A next issue regards what we define as family involvement in the business. In the present study we defined the concept of involvement through participation in the ownership, management and governance of the organization. This definition can be extended to other concepts by expanding the aspect of family power and influence. Also, the number of family members participating in the company's BoD does not give a clear result for the percentage of family members in relation to non-family members and the power relationship that the family holds in the firm's governance. There is also no data on who owns the remaining share capital of the companies and whether they are small shareholders or other powerful organizations. Family business researchers have focused primarily on the relationship between owners and managers and secondarily between majority and minority shareholders (Chrisman et al., 2005).
Finally, another limitation concerns the choice of the country and the specific circumstances. Greece faced an economic crisis at the same time as other European countries such as Portugal and Ireland faced similar crises and turned to the same international organizations for support. Nevertheless, the elements of each economy are unique, as were the political decisions and solutions given for each case. The unique data of the environment therefore affected the listed companies of each country in a different way. Comparing and contrasting results may therefore not be so easy. To address this difficulty, not only economic but also non-economic variables could be used to measure performance so that the results are more easily comparable with those of other countries.
For the future research, family involvement is a dimension that could be studied with additional variables. The roles of family members in the organization, the generation of the family that dominates the business, the influence of the founder and the number of successors participating in the new era can give a more complete picture of the relationships and the overall family's influence.
Another dimension that could be further analyzed in terms of the financial performance of the organization is its internal processes. Operational framework, regulations, management professionalism, human resource composition and organizational culture are some variables that can affect performance and it is important that they can be measured.
The way we determine performance can also be crucial. Performance can not only be financial but can be determined in terms of added value created by the organization. Therefore, the addition of non-economic variables that will evaluate the efficiency and performance of the family business will be able to give even more reliable conclusions.
An important parameter for further research is also the type of companies and their specific characteristics. Differences according to the sectoral environment of the company or its multi-7

national activity could give additional interesting conclusions.
Finally, the type of crisis and its specific characteristics could also be a point of differentiation for future research. The Covid pandemic for example is shaping a new global crisis in which it would be useful to study the differentiation of the performance of listed family businesses and compare the results with those of other countries.
All these suggestions can potentially contribute to a more dynamic understanding of the influence that the family has on the performance of the firm.

7. Conclusion

This research examined the impact of family involvement on the Greek listed family firm's performance, during a 14 years period. The research period covers five years before the onset of the economic crisis in Greece and its 9 years duration.
Our study contributes to the literature by providing data that help to assess the influence of the family on the performance of listed family businesses in a period of unprecedented economic crisis of the national economy. The correlation of family influence in ownership, management, and governance with the performance of a business has been studied in the past with both positive and negative sign.
What is unique about the survey is that it includes data from listed companies at a time when overall performance has plummeted, their financial results have collapsed, and their internal procedures have been redefined.
The results do not confirm the fact that the financial performance of listed firms is positively affected by the participation of the founding family in their shareholder structure. These findings verify prior researches that present the negative links between family ownership and listed firm performance (Filatotchev et al., 2005; McConaughy & Phillips, 1999; Miller et al., 2007).
Performance is proving stronger in younger family businesses. These results are consistent with previous research (Anderson & Reeb, 2003; Barontini & Caprio, 2006; Miller et al., 2007; Sraer & Thesmar, 2007; Villalonga & Amit, 2006). Indeed, newer family businesses are characterized by a business dynamic or a different entrepreneurial orientation that can justify better performance.
At the next level the research investigated the involvement of family members in the management (CEO) and governance (BoD) of the family business and their effect on the performance of the organization. The results of the study contrast with similar studies in the literature and cannot confirm the findings of the previous researches regarding the positive influence of family members (through a family member CEO, representation on the board with its members) on the performance of the company (Anderson & Reeb, 2003; Cucculelli & Micucci, 2008; McConaughy et al., 1998; Miller et al., 2007; Villalonga & Amit, 2006).
While other studies suggest that family influence leads to higher returns, our findings cannot statistically confirm this result. A key element of the research is the large fluctuation in the performance indices during the crisis period. These fluctuations, because of the general volatility of the economic environment, form large standard deviations of the variables. This condition makes it difficult to statistically confirm the research hypothesis.
These findings are particularly important as they provide an alternative perspective on the usual results and demonstrate that a single state condition can reverse the decades-long relationship between family involvement and performance.

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From the Family Business to the Business Family: The Subjective Well-Being Approach

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Family business, Business family, Subjective well-being

Abstract Despite the fact that the field of family business has a long history and many supported theories, there is still a need to use approaches that allow a better understanding of the business, starting from the family members themselves. This research reviews the literature, searching for ways previously used to classify the business family, as well as theories that can be used to understand both the family business and the business family. Concluding with the presentation of the subjective well-being approach as a new form of studying the family business, the paper contributes to the enrichment of other concepts by including emotions and focusing on the family.

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PALABRAS CLAVE
Empresa familiar, Familia empresaria, Bienestar subjetivo

El rendimiento de las empresas familiares durante los períodos de crisis: El caso de Grecia

Resumen A pesar de que el estudio de la empresa familiar tiene historia y cuenta con múltiples teorías como apoyo a la investigación, existe la necesidad de utilizar enfoques que permitan comprender mejor esta realidad, a partir de los miembros de la familia que la integran. Esta investigación hace una revisión sobre las teorías que pueden servir de fundamento al estudio de la empresa familiar y de la familia empresaria. Concluye con la presentación del enfoque de bienestar subjetivo como nueva forma de estudio de la empresa familiar, pudiendo contribuir al enriquecimiento de otros conceptos al incluir en el análisis las emociones y enfocarse en los miembros de la familia empresaria.

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1. Introduction

There is a growing understanding in the academic community that most businesses around the world are controlled by families and are systematically different from other non-family-controlled businesses. In turn, these differences manifest themselves in the relative performance of the two groups of businesses (Felicio & Galindo, 2015). "Family businesses matter very much, and to very many people" (Melin et al., 2013, p. 2). For this reason, there are numerous theories that support research in this area. However, until now, the main focus has been on the family business, so there is still a lack of studies that focus on the business family and its members. It is overlooked that most businesses are deeply connected to a family history and that "every family in business has a story to tell, a legend to live up to, a tragedy to lament" (Hamilton et al., 2017, p. 3).

Experiences lived by family members lead to emotions. "Emotional aspects can be against, or in the same sense, as managerial and organizational aspects" (Rienda & Andreu, 2021, p. 27) Recently, there has been particular interest in analyzing family businesses in terms of the nature and intensity of family members' feelings, emotions, preferences, and attachments to family members and the family business (Sharma et al., 2020). However, scholars have argued the lack of inclusion of family members' actual emotions, motivations, and behaviors within the study of family businesses negatively impacts the field (Berrone et al., 2012; Jiang et al., 2018; Swab et al., 2020).

Motivated by this identified gap, this research aims to highlight the main theoretical advances in the field of family business research and present the subjective well-being approach as a new way of studying family businesses. The paradigm shift will allow researchers to understand the family business from a new perspective, based on the business family members' well-beings. This proposal aims to promote business families' well-beings, as well as the survival of family businesses. Often, these companies do not survive—not because of economic problems but because of family problems that affect the business family members' well-beings.

To achieve the objective, information was collected from more than 200 scientific articles dealing with the study of family businesses. The main databases used were the Web of Science and Scopus. The theories selected were those that gave rise to the socioemotional wealth (SEW) theory (Gómez-Mejía et al., 2007). Particular attention will be paid to the analysis of the SEW theory, since it is considered the first approach to include subjective variables, such as emotions and feelings, in the study of family businesses. Subsequently, the most commonly used theories for the study of the business family are presented, and we select those that incorporate subjective parameters or are associated in the literature with the SEW theory. Finally, the subjective well-being approach is presented as a new way of studying family businesses.

2. Theories of the Behavior of the Family Business

Researchers studying family businesses have used Jensen's and Meckling's (1976) agency theory to explain behaviors typical of family businesses, linking them to corporate governance and performance. Some authors have noted that family businesses face significant agency costs (Hillebrand et al., 2020; Miroshnychenko et al., 2021). In this context, family businesses have been shown to exhibit a principal-principal problem more often than the principal-agent problem; in other words, they more often face a problem between majority and minority shareholders (Miroshnychenko et al., 2021).

For family businesses, one implication of the agency theory is the argument that managers of family businesses avoid making strategic decisions that involve a significant risk of financial loss because family wealth is largely tied to the business (Berrone et al., 2012). This decision-making in the face of risk clearly illustrates the principal-principal problem that arises in family businesses, where the interests of the majority shareholders (family members) diverge from those of potential minority shareholders. Although the agency theory has proven to be an important contribution to the study of family businesses, researchers in psychology and sociology have pointed out its theoretical limitations (Davis et al., 1997), and new theories have emerged to complement what it represents. The complexity of family business behavior arises from the confluence of two social entities: the family and the business (Hasenzagl et al., 2018).

In the family business literature, the behavioral theory of the firm (Cyert et al., 1959) has been used to provide insights into how family businesses differ from non-family businesses in how they set their goals, determine their expectations, and solve poor performance problems (Mazzelli, 2015). In family businesses, the behavior is different, and the goals are not always related to the traditional maximization of financial resources. The family component interacting with the business provides family goals. Social interaction is also different, with some authors having mentioned the existence of family capital (Hoe-

lscher, 2014; Mzid et al., 2019). Notably, two different currents in family business research have used the behavioral theory of the firm (Mazzelli, 2015). The first stream has compared family businesses and non-family businesses in terms of risk-taking and organizational change (Zellweger et al., 2011). The second stream has focused on the internal drivers and characteristics of the dominant family coalition that modulate the heterogeneous strategic behavior and aspirations of family businesses (Chrisman et al., 2012).

It is important to mention the prospect theory (Kahneman & Tversky, 1979). This theory has been invoked to understand how family businesses behave when faced with risk and to distinguish them from non-family businesses. In family businesses, the threat of loss leads to the search for risk. The loss can be seen as a loss of assets, value of shares, or expected bonuses, to name a few examples. While the projected financial gain resulting from satisfactory performance leads to risk aversion, which is consistent with the prospect theory (Hasenzagl et al., 2018), financial gain or loss is not the only important factor or trigger for decision-making in the face of risk. In a family business, emotional components play a role that may take precedence over the perception of expected financial gain or loss in the face of a threat. In turn, this may cause the family business to take unexpected actions that differ from the actions of non-family businesses. Thus, when speaking of a threat of loss, the family business thinks not only of financial resources but also of the feelings and emotions that the family's involvement in the business entails. For this reason, the prospect theory, along with the behavioral theory of the firm and the agency theory, became part of the behavioral agency theory (Wiseman & Gómez-Mejía, 1998), which served to differentiate a family business's attitude toward risk when it comes to emotional components—that is, possible threats to SEW (Gómez-Mejía et al., 2010).

Risk-taking behavior is different in family businesses than in non-family businesses. The behavioral agency theory has been used as the theoretical basis for the SEW theory to explain family business risk behavior. Since the SEW theory is an important asset of the business family, the potential losses of this endowment increase the subjective risk burden (Gómez-Mejía et al., 2011). The perceived risk to SEW can put the company in "loss mode," and the strategic decisions made aim to avoid this loss (Berrone et al., 2012). In summary, the behavioral agency theory has served as a tool to distinguish family business behavior from non-family business behavior and to support other theories. Some unique aspects of the family business, such as non-economic goals and family involvement, can lead to variations in the behavior and form of governance of these businesses.

Of all the theories mentioned above, the SEW theory has become prevalent in family business research in recent years. Gómez-Mejía et al. (2007) introduced the term to family business research. For their study, the authors analyzed family-run oil mills and their owners' decision-making processes. These oil mills preferred to remain independent and retain control of their businesses and did not join a cooperative that offered greater financial benefits. The authors concluded that family businesses are generally motivated and committed to maintaining SEW, and its gain or loss represents the frame of reference for strategic decisions in family businesses (Berrone et al., 2012). Generally, SEW refers to the stock of value associated with the affection a family derives from its position of control in a company. It includes the exercise of personal authority conferred on family members, the family's influence on the business, and close identification with the company (Gómez-Mejía et al., 2007).

In the study of the nature of SEW, five dimensions were revealed: family control and influence (F), identification of family with the firm (I), binding social ties of family (B), emotional attachment of family (E), and renewal of family bonds through dynastic succession (R). These dimensions were first mentioned by Berrone et al. (2012) and coined by their acronym with the term FIBER. However, some authors have proposed other forms of construction due to the difficulties associated with the direct measurement of SEW. Debicki et al. (2016) developed the socio-emotional wealth importance scale (SEWi), which measures the importance attached to the dimensions of SEW rather than the level or existence of SEW itself. Importantly, many family businesses' strategic decisions were viewed through the SEW lens. The number of articles in the Business, Management, and Economics category of the Web of Science related to SEW has increased from 3 in 2007 to 980 in March 2021. Berrone et al. (2012) was cited more than 1,600 times in Google Scholar by November 2020 and is one of the most visited articles each year (Brigham & Payne, 2019). However, despite the strong commitment to the analysis of SEW, gaps remain, and agreement on the nature, definition, and measurement of SEW has yet to be reached (Brigham & Payne, 2019).

Other authors have expressed concerns about the size, scope, and rapid growth of the literature on this theory (Jiang et al., 2018). SEW itself may become a way to justify the family business's behavior without analyzing the causes of that behavior. Indeed, the SEW theory may generalize without addressing family business differences,

contexts, values, involvement, family relationships and well-being, backgrounds, or histories. The SEW theory is also believed to have consequences resulting from its frequent use; in other words, the approach is so widespread that some mistakenly use it as a general term "to account for the non-economic utilities of family owners, forgoing its theoretical roots and implications" (Cruz & Arredondo, 2016, p. 237).

In the family business literature, it is common to find authors who have made important critical assessments (Cleary et al., 2019; Hasenzagl et al., 2018), calling the SEW theory "a useful, albeit imperfect, construct" (Newbert & Craig, 2017, p. 345). These scholars have discussed what they see as important limitations or gaps in the SEW theory. Jiang et al. (2018), for instance, noted that a direct measurement of SEW is virtually nonexistent, and the development of the construct is just beginning. Moreover, attempts to measure SEW have been widely questioned. Among them, measurement based on dimensions, or FIBER, have been the subjects of scholarly inquiry (Hasenzagl et al., 2018; Swab et al., 2020). Cleary et al. (2019) provided evidence to support Hasenzagl et al.'s (2018) statement that SEW is not a stable concept but varies from one company to another, depending on context, generation, or life cycle. On the other hand, the authors mention that "it is also apparent that organizational context is relevant to SEW" (Cleary et al., 2019, p. 129).

Generalization is also a feature of SEW, which should be mentioned as a weakness. The SEW theory does not take into account the characteristics that distinguish family businesses from each other, such as people. Each family CEO has personal characteristics that he projects on the company, and this makes the company resemble him in its characteristics and behaviors. Gómez-Mejía (2007) addressed this when he tried to figure out why the behavior of some in his study did not conform to the norm. In his words, "Are there some unique attributes in terms of leadership style, educational background, personality traits, or family dynamics that explain why some family firms are capable of making business decisions with financial rather than socio-emotional criteria in mind?" (Gómez-Mejía, 2007, p. 132). On the other hand, "SEW, refers to the family as the unit of analyses. Yet, the family is made up of different individuals who may frame problems differently" (Cruz & Arredondo, 2016, p. 240).

The success of some family businesses may be due to their focus on family ties (Chrisman et al., 2003). However, scholars have argued that SEW research generally does not assess the actual thoughts, feelings, motivations, and behaviors of family members, which are believed to cause unique SEW-related phenomena (Jiang et al., 2018). There seems to be no evidence on how feelings and emotions influence the formation of SEW or affect family and organizational functioning (Berrone et al., 2012; Swab et al., 2020). Most studies focus on discussing the positive side of the emotional aspects of SEW, but family business owners also experience negative aspects related to their affective experiences.

The SEW theory has been heavily criticized for its lack of clarity regarding how family owners formulate their preferences, both theoretically and empirically (Cruz & Arredondo, 2016). Some authors have concluded that this research strategy of empirically documenting the effect of SEW endowment on risk-taking behavior is "methodologically worrisome" (Schulze & Kellermanns, 2015, p. 450). Importantly, another critique has emerged that urges academics to expand the currently "limited" view of SEW to provide a solid foundation for a theory of decision-making that pursues the interests of the family while also taking into account the family's responsibility to other stakeholders (Newbert & Craig, 2017). By "limited view," these scholars refer to the fact that SEW only considers the family's interests, and decisions are made solely for the family's benefit without considering how those decisions affect other parties related to the family business, such as employees, customers, shareholders, suppliers, the environment, and the community.

On the contrary, one of the main strengths of SEW, repeatedly mentioned in the literature, is that the approach is firmly rooted in behavioral agency theory. Affective value stock is an important reference point for family business leaders, and any threat of decline is seen as a significant SEW loss (Debicki et al., 2016). On the other hand, the SEW theory does not reject the main argument of agency theory, justifying that family members may occasionally behave opportunistically (Berrone et al., 2012). In turn, the theory helps "explain anomalous results inconsistent with agency theory predictions by allowing differential risk preferences to family members" (Berrone et al., 2012, p. 261). By applying the SEW theory, Gómez-Mejía et al. (2010) justified that family businesses are willing to take significant financial risks to maintain their SEW. Another important strength of the SEW theory lies in its timing, as the concept brought together insights and findings from more than three decades' worth of studies in the field of family businesses. In the

words of Berrone et al. (2012, p. 262), "having a homegrown theoretical framework provides legitimacy and positions the area of family business studies as a rigorous, distinctive, and solid field." Now, SEW is the primary tool for distinguishing family businesses from non-family businesses, as its presence is an exclusive characteristic of family businesses (Newbert & Craig, 2017; Swab et al., 2020).

3. Theories of the Business Family

Theoretical advances in the area of family businesses, arising from evolutionary psychology theory, emphasize the importance of shared genetic ties in a family business. Research in evolutionary psychology posits that altruism and supportiveness are related to genetic closeness (Yu et al., 2020). Based on evolutionary psychology, a theoretical framework has been developed that proposes that family business owners set different priorities for SEW. Of note is the research of Yu et al. (2020), which concluded that family members with closer kinship ties are more likely to maintain their SEW, appoint a family member as CEO, and pay higher salaries to non-family executives.

The social psychological approach (Jiang et al., 2018) has been used to better understand how the individual and/or collective psychological benefits of family members in the pursuit of non-financial goals through the company are influenced by the presence—real, imagined, or implied—of other members of the family business. The beliefs, traditions, and behavioral norms that a group shares generate a sense of belonging to the group and build bonds. When these people are family, the bond is even stronger, and a stronger type of affection develops between individuals. Emotions thus intervene, with a significant effect on individuals' behavior (Corona, 2021; Trevinyo & Bontis, 2010).

Authors such as Jiang et al. (2018) have addressed the need to analyze the SEW theory from a social psychological perspective. In this way, the theory will become more theoretically robust by incorporating social, cognitive, affective, and behavioral principles in its study. To understand the behavior of the family business, it is necessary to include human interactions, together with their many influences (Sharma et al., 2020). Developmental psychology encompasses the study of physical, social, intellectual, and emotional changes throughout life. The contributions of developmental psychology in the family business field can be seen in how long-standing family businesses manage conflicts that arise due to the influence of company traditions (Erdogan et al., 2020; Suddaby & Jaskiewicz, 2020).

The organizational behavior of the family business may be a reflection of previous experiences. Family values and beliefs influence the strategies adopted by subsequent generations when they run the family business. History and tradition are key elements in the innovation of the family business (Erdogan et al., 2020). The growing interest in issues of human behavior and the role of emotions in decision-making, together with the simultaneous development of research on social indicators in developed countries, not only led to the emergence of the concept of behavioral economics but also created a demand for international cooperation. The use of cognitive psychology in the study of the family business is relevant for the behavioral agency theory (Sharma et al., 2020) when analyzing decision-making, differentiating a family business from a non-family business, and incorporating the SEW theory. Another contribution of cognitive psychology to family business research is the affect infusion theory. Because the SEW theory has been defined as the stock of affective endowments, this theory suggests that this stock is the overall appraisal of the dimensions of SEW. The dimensions of SEW will have a positive valence (pleasant emotions) or a negative valence (unpleasant emotions), and these will have consequences on family members' feelings and decision-making in the family business (Kellermanns et al., 2012).

Organizational psychology aims to understand human behavior to improve employee well-being and organizational performance (Sharma et al., 2020). Furthermore, organizational psychology has been used in research on the family business to analyze the importance of employee well-being within the family business (García-Cabrera et al., 2018). It has also been used to analyze how the processes of succession by non-family relatives, incorporation of non-family members in managerial positions, and the role of external advisors in the succession process affect the family and the family business (de Groote et al., 2021). Although the business family can be studied from a psychological perspective (Table 1), and the theories mentioned seem particularly relevant to family business research because they capture important aspects of its behavior (Sharma et al., 2020), there is still a need for a theory that explains the behavior of the family business, depending on the members that make up the family. This allows the subjective well-being approach to be introduced into the investigation of the family business, which can lead to a better understanding of the family business, based on the family members themselves.

Table 1. Summary of business family theories in the SEW literature

Theories of the business Family	Main contribution	Relationship to SEW	Authors
Evolutionary psychology	The importance of common genetic ties in a family business	Altruism and supportiveness within the family business are related to genetic ties	Yu et al. (2020)
		Family members with closer kinship ties have higher desires to preserve SEW	
Social psychology	The individual and/or collective psychological benefits of family members in the pursuit of non-financial goals are influenced by the presence of other members of the family business	There is a need to analyze SEW from a social psychological perspective to give it theoretical stability by incorporating social, cognitive, affective, and behavioral principles into its study	Jiang et al. (2018)
		To understand the behavior of a family business, one must include human interactions and their many influences	Sharma et al. (2020)
Developmental psychology	Analysis of how long-lived family businesses manage conflicts arising from the influence of company traditions	The family's values and beliefs influence the strategies that succeeding generations use in running the family business, as history and tradition are key elements for the innovation of the family business	Erdogan et al. (2020)
Cognitive psychology	Analysis of decision-making in family businesses and how it differs from that in non-family businesses	The application of cognitive psychology in the study of family business is relevant from the behavioral agency theory when analyzing decision-making, distinguishing family businesses from non-family businesses, and incorporating the SEW theory	Sharma et al. (2020)
	The affect infusion theory	This theory states that the dimensions of SEW have positive valence (pleasant emotions) or negative valence (unpleasant emotions), and these affect family members' feelings and decision-making in the family business	Kellermanns et al. (2012)
Organizational psychology	Analysis of human behavior with the aim of improving the well-being of the members of an organization	It has been used in analyzing employee well-being in a family business	García-Cabrera et al. (2018)
		It has been used to analyze how the processes of succession by non-family relatives, incorporation of non-family members in leadership positions, and the role of external advisors in the succession process impact the family and the family business	de Groote & Bertschi-Michel (2021)

Source: Self-made

4. Subjective Well-Being Approach

In the words of Morgan and Gómez-Mejía (2014, p. 286), "Scholarly work that minds the gap between organizational behavior and strategic research to look at emotions in the family firm from individual, meso, and firm level perspectives can help enlighten academia and practice." In the subjective well-being literature, "well-being" is defined as a good state of mind that includes all the various evaluations, positive and negative, that people make of their lives, as well as people's affective reactions to their experiences (Diener, 2006). Research in family business has shown that subjective emotions impact existing management decisions in the family business. For example, in terms of risk aversion, "risk-taking is subjective, representing perceived threats to a decision maker's endowment" (Gómez-Mejía et al., 2010, p. 225). It has been shown that subjec-

tive parameters are involved in SEW; however, no conclusion seems to have been reached on how feelings and emotions affect the formation of SEW or the operation of the family and the business (Berrone et al., 2012). If SEW is assumed to have affective components, then research should take into account the valence of affective experiences linked to SEW. According to Kellermanns et al. (2012), valences are used to categorize emotions as pleasant (positive valences)—for example, the sense of belonging—or aversive and unpleasant (negative valences)—for example, feelings of confinement, suffocation, and pressure. Business owners' consideration of emotions can be seen as a direct influence on managerial decision-making (Morgan & Gómez-Mejía, 2014). It is therefore clear that emotions play an important role in the business family's decision-making process and desire to preserve their SEW. Notably, "as [a] means of preserving socioemotional wealth, family owners may seek to minimize negative emotions and maximize positive emotions" (Morgan & Gómez-Mejía, 2014, p. 280).

The value of SEW is determined more by subjective parameters than by objective indicators, so measuring the level of SEW in the same way that economic wealth is measured can be problematic (Debicki et al., 2016). Why should scholars use objective parameters in the study of the family business if it is known that the subjective can also be studied scientifically, through the subjective well-being approach? "The condition for its use is to include the subject living the experience in the study" (Rojas, 2014, p. 79). Different research areas share the common belief that family goals, changing contexts, and emotional connotations influence various aspects of organizational life (Jiang et al., 2018). "We think in different ways and have very different emotions and perceptions, regardless of our belonging to the same family. We all express ourselves and convey our ideas and feelings in a very personal way, communicating and behaving differently" (Corona, 2021, p. 69). In the subjective well-being approach, there is no better referent than the person, and only an individual can determine his or her own well-being. The approach values people's ability to distinguish between experiences that provoke feelings of well-being and discomfort, as well as their power of judgment and synthesis. A third party is not needed to judge others' unique situations (Rojas, 2014).

The scientific validity of the subjective well-being approach has already been demonstrated. Its main development has been in the field of economics. However, it is becoming an important line of research in new areas. Happiness and life satisfaction are central topics in research in the social sciences, psychology, philosophy, and economics (Moeinaddini et al., 2020). The subjective well-being approach is also applicable in the field of family business. The entrepreneur (family and non-family) is much more than that, and his human well-being or satisfaction level should not be equated with "certain disciplinary notions of well-being" (Rojas, 2011, p. 66), which are often biased and incomplete. The measurement of an entrepreneur's well-being must start from the person herself, and its study must be interdisciplinary. Well-being is an experience that people have, not an academic construct (Rojas, 2019). The subjective well-being approach asks the person directly, without presupposing or assuming anything (Rojas, 2014). Well-being, as reported by individuals, can be used to identify relevant factors in a given population (Rojas, 2019)—for example, members of business families.

Like all individuals, business family members may report satisfaction in specific life domains. Life domains are partial assessments of life (Rojas, 2014). They refer to specific areas in which a person functions as a human being, such as satisfaction with family relationships (partner, children, parents, and the rest of the family), friendship relationships, leisure time, work, economic situation, and health (Rojas, 2007, 2019). This information is helpful in understanding the overall report on life satisfaction.

By analyzing these domains of life and applying the subjective well-being approach to the study of the family business, scholars can better understand business family members' priorities. For example, it could be argued that if the domain of family life is negatively impacted, this in turn diminishes the family business leader's well-being and affects his or her decisions and strategies. Thus, these actions affect the business's financial performance or SEW loss. It is important to point out that there is no study to date that uses the subjective well-being approach in the study of family businesses.

Moreover, the subjective well-being approach has empirical evidence, is part of a widely accepted toolkit, and is therefore robust in its measurements. The subjective nature of the construct gives it its power and justifies its popularity (Diener et al., 2018). Veenhoven (1996) stated that the best way to elicit information on people's well-being is to ask them directly. All people are capable of rating their own well-being experiences. Because of this ability to distinguish between well-being and discomfort, as well as the factors or events that lead to those experiences, scholars can answer questions about how different factors, occasions, events, and situations make people feel. It is possible to answer questions like the following: How satisfied are you with your life in general? How satisfied are

you with specific aspects of your life (e.g., your relationship with your partner, your relationship with your children, your relationship with your parents, your relationship with the rest of your family, or your satisfaction with your job)? The person may express an accurate assessment of his or her current situation in aspects usually associated with experiences of well-being and discomfort, such as health, money, and love.

5. Conclusions

This article aimed to introduce the subjective well-being approach as a new way of studying the family business. Today, the premise that emotions play a role in decision-making is widely accepted. Experts even suggest that emotions play an important role in economic decision-making (Akerlof & Shiller, 2015; Kahneman & Tversky, 1979; Thaler, 2018). The interest of various disciplines in the study of emotions stems from the fact that emotions lead to decisions, and by understanding the former, one can understand the latter.

Subjective well-being is defined as a broad category of phenomena that includes people's emotional responses, satisfaction in certain domains, and global assessment of their lives. It reflects a person's quality of life from his or her own perspective (Diener et al., 2018) and does not necessarily imply that he or she meets a set of objective criteria for a good life (Kainulainen et al., 2018). One of the main strengths of the subjective well-being approach is that its measurement is proven and widely accepted. Its use as a complement to other theories that are already in use but lack strength in this regard, as is the case with the SEW theory, could be an important theoretical implication of this research.

Moreover, the use of the subjective well-being approach could contribute to the enrichment of other concepts, such as the SEW theory. In the family business literature, it would be conceivable that the need to maintain SEW is related to the business family members' well-beings. The relationship between the need to preserve SEW and the types of relatives involved in running the business has been mentioned in the literature (Yu et al., 2020). Perhaps the need to preserve SEW is related to the predominant life domains of the family entrepreneur's life. It could also be that when one of the life domains is affected, the family entrepreneur's well-being is also affected, and the need or interest to maintain SEW decreases.

This research hopes to support the survival of the family business. This could be an important practical implication because it is well-known that few family businesses survive generational change, and the main reason is often not financial; instead, most family businesses fail due to family problems (Corona, 2021) that affect the family members' well-beings. The subjective well-being approach can be applied to the analysis of succession in a family business, a topic that is frequently addressed in the literature. It could be discovered whether the family entrepreneur whose family domain is affected by the subjective well-being approach is less interested in passing on the family business to the following generations. The opposite could be true if the family entrepreneur's well-being is not affected, family ties are strong, or the interest in passing the business onto the next generation is paramount.

In short, despite the fact that there are numerous theories to study the family business, there are also important critical assessments that coincide with the lack of emotional involvement, even though it is known that emotions play an important role in decision-making. This paper also mentioned the need to focus on the family as the protagonist. The subjective well-being approach can fill this gap in the study of family businesses by making it possible to analyze the business family through the members' well-beings. This new way of studying family businesses represents an approach that differs from what has been researched before, and it could provide a better understanding of the family business by looking at it from the business family's point of view

6. Limitations and Future Research Directions

This research has the limitation of focusing only on the theoretical account of the subjective well-being approach. Future research is needed to establish continuity and empirically demonstrate the subjective well-being approach's application in the study of family businesses. It is interesting to analyze how family business owners' well-beings relate to decision-making within the family business, entrepreneurship, and even the financial performance and survival of the family business. Attempting to use the subjective well-being approach to enrich a theory as widely used and accepted as the SEW theory may be a limitation in itself. The literature consistently points out the difficulties associated with the direct measurement of SEW. Future research could add the subjective well-being approach, the measurement of which is proven and widely accepted, to support the SEW theory for family business research.

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The Archetype of Hero in Family Businesses

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JEL CLASSIFICATION
M10, M19

Family business, legacy, narrative, storytelling

Abstract For family business advisors and consultants, the analysis of their client's shared narrative helps them understand their business and family dynamics and the reality they have built together. Understanding the language of family mythology and the behavior of the narrative processes, can help positively to reinforce the purpose and meaning of their legacy and its transmission. In this article readers will learn how Joseph Campbell's Monomyth of the Hero concept fits with the founder/entrepreneur myth in a family business, and how making it conscious can be used as a coherent tool that brings true meaning and inspiration to every family member in every generation.

CÓDIGOS JEL
M10, M19

PALABRAS CLAVE
Empresa familiar, legado, narrativa, narración

El arquetipo del héroe en las empresas familiares

Resumen Para los asesores y consultores de empresas familiares, el análisis de la narrativa compartida de sus clientes les ayuda a comprender su dinámica empresarial y familiar y la realidad que han construido juntos. Comprender el lenguaje de la mitología familiar y el comportamiento de los procesos narrativos, puede ayudar positivamente a reforzar el propósito y significado de su legado y su transmisión. En este artículo, los lectores aprenderán cómo el concepto Monomyth of the Hero de Joseph Campbell encaja con el mito del fundador/empresario en una empresa familiar, y cómo hacerlo consciente puede usarse como una herramienta coherente que aporta verdadero significado e inspiración a cada miembro de la familia en cada generación.

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"Until you make the unconscious conscious, it will direct your life and you will call it fate."

Carl C. Jung (1875-1961)

Introduction

In more than two decades working as family business advisor, within the work process in the elaboration of any project with business families, I have found an unbreakable connection with the history of the venture that lies in the family's collective conscious and gave rise to the current shared heritage and wealth, which is implicitly or explicitly manifested in the narrative of the members of the family group. This experience relays in the tool I want to present in this article: a practical instrument to address the entrepreneurial spirit to the next generations and, at some point, to understand the necessity of the retirement of the previous generation of a family business. To present these ideas, we will explore its origins through a theoretical framework, and then we will illustrate it with a real-life case. The readers of this article will discover a new tool, based in an ancient practice, to discover a family identity.

In the results of their studies, Kammerlander et al. (2015) demonstrated that shared stories can serve as an important means of transmitting and reinforcing the founder's path from generation to generation and preserving it over the long term ("second-hand impression"). Interestingly, interviewees mentioned that the core of the stories shared among family members remained largely stable over time; however, each generation enriched the transmitted stories, thus being able to gently alter their content. As storytellers responsible for the shared legacy, each family can transform the myth and feed a group image of their past, of their known or lost origins in time, an "arranged", "mythical" story, which highlights in the first place an ancestor who is singled out for particularly heroic behavior (Ruffiot, 1980). A focus on shared stories lends legitimacy to a broad spectrum of decisions, empowering family members of each generation with the motivation to commit to the long-term success of the company and overcome their own obstacles.

One of the core diagnostic exercises in the methodology that we have been using for the past two decades is the "Family Chronogram". It is a procedure in which the live construction of the family diagram (Salazar, 2019) is integrated with a linear sequence of milestones, characters, places, values and experiences that configure some of the main elements of the mythology of the business family. Recreating the atmosphere of curiosity, expectation and fascination that have attracted man for millennia around the bonfire of the story, we collect the narration of the events that make up the story common, preferably with the presence of several generations of the same family, in which interrelated events are discovered and rediscovered, which unite and interweave in a dance of ancestral flames of fire that are revealed before their eyes, making conscious the unconscious of the relationship of the individual in his identity with the complex and shared narrative dynamics.

The analysis of the narrative helps us understand our client, the shared realities that have been built, those that are sustained and those that change, highlighting the relational processes and the context in which events unfold. However, the value of the true and extraordinary creative contribution of the story is for the family, especially if we have the ability as guides to the process of identifying the different elements that give structure and meaning to the story, ordering its characters, the sequence of events and the meaning of their messages. Understanding the language of family mythology and the behavior of narrative processes can help us to positively transform the purpose of the legacy and the meaning of its transmission to future generations.

Family businesses that foster a culture of intergenerational connections and a long-term vision include a strong set of family values and stories that are passed on to future generations (Denison et al., 2004). Throughout these years of my consulting practice in the transformation processes of business families seeking to professionalize their management processes, the common elements in their narrative when reconstructing their stories were increasingly evident. All of them, in some way or another, revolved around not so much on the character as in the myth of the founding entrepreneur and how he/she overcomes the adversities, grows and becomes the most important element of the narrative, from whom everything connects and depend to build the origin of a shared heritage and the identity of the family business. Regardless of the generation that is leading the business, whether this character is alive or not, or the current financial situation of the family wealth, we will listen again and again, the same story starring a main character in each case. And it is my perception, from my consulting experience, that we will listen how the business family builds their own story based on the hero archetype.

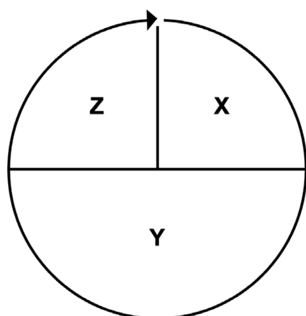
Anthropologist Joseph Campbell published in 1949 "The Hero of a Thousand Faces", and since then has completely revolutionized the way we understand stories, combining psychological elements

proposed by Carl Jung about symbols and archetypes, with the identification of coincidences in religious passages, legends, traditions, and tales from around the world. The author proposed the term monomyth as a universal mythological structure, applicable to all societies or groups of individuals that have built, over at least three generations, a collective identity (Campbell, 1949). A short time later Antonio J. Ferreira, a Palo Alto researcher who began to coin the term “family myth” as a unitary representation, corresponding to a homeostatic mechanism whose function is to maintain group cohesion, as a safety valve that prevents the family system from deteriorating and eventually destroying itself (Ruffiot, 1980). These are convictions installed in the unconscious of the individual, accepted a priori almost as something sacred, that none of the members can counteract or challenge, despite the evidence that may be presented, since it prevents the system from the threat of disintegration or chaos. During the 60s, Murray Bowen noted the specific patterns of behavior transmitted through innumerable generations, defining the psyche as the result of all the chronological conditioning factors that surround it. For Jung, the unconscious was partially collective, but for Bowen the conscious and unconscious was totally collective (Stinson, 2016).

2. The hero’s journey

In the monomyth, Campbell (1949) describes the hero based on the route he takes through the different stages of a journey in seventeen stages, which will transform him from an ordinary person, into the bearer of justice for his community. In the extensive catalog that he describes in his work, he name the stories of the Buddha, Ulysses, the original African woman Massassi, Gilgamesh, Jesus or Quetzalcoatl, as some of the examples of universal characters who identify with the pattern of the hero’s journey, which is divided into three basic stages or acts of narration: separation from the world (X), penetration to a type of power source (Y) and return with a grown life (Z).

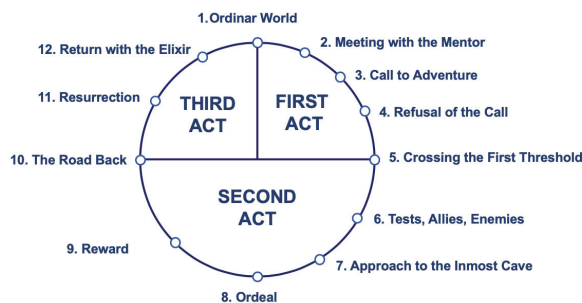
Figure 1. The Monomith Nuclear Unit



Source: Campbell (1949)

But the hero does not travel alone. Along his/her way he/she will meet different objects, events and characters that represent other archetypes and that complement the meaning of his/her story (the Mentor, the Guardian, the Shapeshifter, the Shadow, the Traitor), completing different steps that they will take him/her to the final destination. Jung had suggested that these archetypes are reflective of various aspects of the psyche, and that they reincarnate in our unconscious in characters to help us enact the drama of our lives. Decades later, writer and film producer Christopher Vogler (1998), in his book “*The Writer’s Journey: Mythical Structures for Writers*”, simplified Campbell’s steps to a total of twelve stages in three acts, delivering a guide that has worked as the benchmark par excellence to build stories that everyone can identify, understand and integrate into a modern narrative experience (including heroes such as Frodo Baggins, Luke Skywalker, James Bond, Wonder Woman or Bud Cassidy and the Sundance Kid).

Figure 2. The twelve stages of the hero’s journey



Source: Vogler (1998)

The hero is originally a character without any special attributes who lives in an ordinary world, but who undertakes a journey following a call (which he initially rejects), to enter another one unknown, full of powers, characters and strange events. Once crossed the threshold that separates him from his home world, the hero will face different tasks and tests, alone or with help. However, there is a key test that he/she must complete in order to overcome death and receive a reward. Then the hero will have to decide whether to return to the ordinary world with the obtained gift. If the hero decides to return, he/she will face new challenges on the way back to the ordinary world, including acceptance or not by those who have not left their original world. If the return is successful, the blessing or reward can be used to improve his/her people and bring justice. And yes, there’s a connection between the hero myth and the model of the entrepreneur as an agent of change of their cultural system. At some point in his extensive work, Camp-

bell called the entrepreneur the 'real hero' in American capitalist society (Morong, 1992).
However, in this journey according to Campbell himself, returning with a grown life and integration with society is the most difficult requirement of all. In this final stage of reintegration, the hero resists giving up the image of superhuman talent and immortality. The author warns of heroes who refuse to accept his reintegration as mortals: "Today's hero becomes the tyrant of tomorrow." In his book "*The Hero's Farewell*", Jeffrey Sonnenfeld, based on the concept of Campbell, reflects on CEOs viewed from the hero's perspective at the retirement stage. In this work we are warned that if heroes come to believe in the enduring supremacy of their own power and abilities, they will eventually destroy themselves. Founder's family identity is closely linked to their identity as a company leader, family business founders often have a special sense of loss when power is transferred. They have attached themselves to their heroic stature as patriarchs of the family and of the firm and handing over one title means losing the other. By giving up control of the company, they feel like they're giving up their position as head of the family, and this perspective is especially traumatic.
To resist the temptation to push the limits of his abilities too far, the CEO must accept two conditions for retirement: heroic stature and mission. Heroic stature or recognition refers to the unique position of power that has been earned on their own merits and that the main leaders have, allowing them to be above the rest of the individuals in the group. The heroic mission or legacy is the leader's sense of having accomplished their mission in life and of being able to convey a message with a moral tied to their ultimate purpose, a unique ability to fulfill the responsibilities of its exclusive position as patriarch (Sonnenfeld, 1988).

3. The Óscar centeno journey

Having the stages proposed by Vogler (1998) as a model to describe the hero's journey, we present one of the last cases which we have worked in its narrative (fictional names and locations), using the timeline of sequences of landmarks, places, characters and values, among other data, identifying throughout the story of the family business history most of the phases, archetypes and steps of the protagonist's journey: Óscar Centeno,Mexican architect founder of a real estate empire that arose from the effort of his dedication to work and the unconditional support of his wife, starting from a salary as a recent graduate professional in an office in Monterrey (Mexico), until leaving an estate valued today in more than 200 million US dollars. The collection of information is done during the professionalization consulting process of the Family Office of the family inheriting the wealth, led today by the second generation, in sessions where the data was sorted as the information was generated organically with the family members, with temporary leaps forward and backward, revealing, discovering and remembering the most important references and testimonies that were outlining the structure, important characters and their interactions, places, objects, business achievements and other facts of the environment that frame the entire narrative, until creating a coherent composition based on the model that we have previously explained. Here is a summary of the story told by the Centeno family:
Act One: Óscar was born in the 30s into a very humble farming family from a small town in northern Mexico, near the border with the United States (*Ordinary World*). Óscar, the youngest of eight brothers, always had the feeling that one day he would leave town and go to the big city to study a university degree. His brother Aurelio (the teacher's archetype, the *Meeting with the Mentor),* five years older, had become his tutor by giving him advanced classes that he was not given at school. It was he who encouraged him to enroll in the Architecture school, supporting him financially so that he could complete his career. Upon graduating from college, he found a low-paying job in a Monterrey office and married shortly after Margarita Gómez, whom he met just before graduation. Aurelio arranged for his brother to receive a job offer in Tijuana (*Call to Adventure*), but Aurelio initially discarded it (*Refusal of the Call*), because he did not want to detach himself from the family of his wife with whom he got along very well, only support he had in a city where he had no relatives. Finally, he accepted the proposal because they doubled his salary offer and the young couple went to live with great hopes in a city they had never been before (*Crossing of the First Threshold*).
Act Two: From the beginning, Óscar stood out as a designer and supervisor of construction works in a buoyant city that was growing non-stop in the late 1960s. Always supported by his bosses and coworkers, not discounting any other member of the competition who wanted to take away the opportunities of new projects (*Tests, allies, enemies*), Óscar was breaking through creating a faultless professional prestige. In 1976, having raised a small capital, he decided to found his own construction company, starting with small orders for houses and commercial offices. Little by little, he found a niche in the high-end shopping malls of the city, until, in the early 80s, an

American investment group arrived at Tijuana looking for a local partner who wanted to invest with them in the first mega mall of the city. Óscar had never be part of a project of such magnitude and complexity, but he never doubted that he and his company could meet the challenge. Pawning all his savings and looking for loans to be able to offer the economic guarantees that investors demanded, Óscar risked all of them in the project (*Approach to the Inmost Cave*). For three years they were working hard in construction, with great technological and economic challenges, to the point that Óscar had to be admitted to the hospital for overwork, six months before the opening of the mall: he almost died of a heart attack, because his heart had been subjected to a high level of stress. From the window of his hospital room, he reflected on the fragility of his health, the well-being of his family and the future of the company. Finally, making a great effort, he returned to work and led the final phase of the project (*Ordeal*). With this business achievement, and having exceeded the forecasts of economic benefits, Oscar's company positioned itself as the undisputed construction leader in the region, reaping successes and attracting significant investment capital (*Reward*). However, his health was never the same again. An unfortunate fact that made it notably worse was the betrayal of his secretary (the archetype of the shapeshifter), who managed to flee the country with several thousand dollars that he stole from the funds of one of the projects, which plunged Oscar into a depressive state, despite the fact that his company recovered without any problem, since two of his sons had already joined the company's management, helping him to lead it and to diversify investments. Finally, and against his iron will to continue in command, he decided to withdraw completely from the operation and move to a more passive plane, in accordance with the recognition of his hierarchical status and more convenient for his health (*The Road Back*).

Act Three: He returned to caring for his wife, whom he had neglected for the past two decades, retiring to a ranch on the outskirts of the city. From there he created a foundation that would bear his name to support young talents who needed financial support to complete their architectural studies (*Resurrection*). After her death in 2015, her children (who now run the Family Office and family businesses), as well as her grandchildren, have ensured that the community can continue to enjoy his legacy through the publication of his writings and reflections, as well as his generosity and justice, giving life and continuity to the Óscar Centeno Foundation (*Return with the Elixir*).

4. Making the unconscious conscious

The case study explained above is an example of the power of creative direction in the construction of family storytelling, which helps us to order and give coherent meaning to the story and its message and values. Some of these collected lessons can be:

For the founders	For the next generations
The hero must return.	We can all be a hero.
You must share the elixir with others.	It is okay to be afraid.
You will leave a legacy.	You will have help. You're not alone.
You deserve recognition.	A defeat is not the end of the road.

Beyond the cohesive functionality of myth in the family system, its creative capacity allows us to make sense of reality and build a meaningful future. From a neurological point of view, the same machinery that brings together all the pieces to relive the past, can put some of them together with other pieces to simulate futures. The brain interweaves memories of the past and dreams of the future to create the sense of 'I' (Seekamp, 2019). Once one learns to flow with images in a more abstract way, a more flexible psyche will begin to develop. Symbolic thinking is the art of hypothesis. Understanding and acknowledging the past proposes a way to validate the entire human experience and paves the way for creativity and flexibility. According to Lansberg (2020) "as a species, we are too limited to imagine a world we don't know much about". This inclusive and exploratory approach reveals countless avenues for better relationships, less conflict, and a more efficient way of working as a group.

Jaskiewicz et al. (2015) confirm that only recently researchers studying highly innovative family businesses have revealed that, a shared family and business history passed down from generation to generation can positively influence the level of family business innovation, as stories with a strong focus on past achievements and resilience are passed on to subsequent generations, thereby fostering transgenerational entrepreneurship. The ability to generate stories directly depends on the ability to listen. In every encounter in which we reconstruct the account of the common past, participants are required with the capability to question and express curiosity even about a painful past, combined with the capacity for compassion and empathy. Interviewers and social listeners are required, committed to preserving memory, but also attentive to the subjec-

tive processes of those who are invited to narrate; and this is not always possible (Jelin, 2001). That is why our role as guides to a process that by being creative is both moldable and healing is important. In Campbell's words "A myth cannot be artificially created or destroyed, but it can be modified" (Campbell, 1949).

5. Conclusions

As mentioned in the introduction, applying the Hero's Journey model for understanding the principles of the family business culture and leading powerful creative conversations while constructing the family origins can help us to order and give coherent meaning to the story and its message and values. Storytelling in general allows us to provide business families with learning that remains impressed on their consciousness using their own languages. It is not the experience of life itself, but the meaning we give it. Once we understand that, we have the ability to change history and reality. "The secret is: know yourself (know your family!)" (Fokker, 2019). The hero's journey in particular as a healing tool is based on the power of the monomite, pieces of information that have supported the life of man, civilizations and religions formed throughout the millennia, and have to do with deep internal problems, internal mysteries, thresholds of passage. Concerns such as "I cannot be better than my predecessors", or "I want to do something with meaning" or "I do not deserve the wealth I have" or "My gifts are not appreciated and my legacy is in danger" can be results understanding the origin and destiny of the identity of the individual in the collective story. In the words of Joseph Campbell (1949): "Myths are clues to the spiritual potential of human life."

Whether we listen with aloof amusement to the history of the commercialization of an invention in the 19th century United States or read with cultivated rapture the autobiography of a pioneer of electronic commerce in contemporary China or catch suddenly the shining meaning of the history of the founding of a supermarket by European immigrants in Costa Rica in the 1950s, it will always be the one, shape-shifting yet marvelously constant story that we find.

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