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The Impact of Innovation on Leadership Succession in Family Businesses: A Structured Literature Review [2004-2024]

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Abstract This study delves into the intricate relationship between innovation and leadership succession in family businesses. To achieve this, we conducted a systematic literature review of 36 articles spanning 2004 to 2024, with the aim of identifying key themes and research gaps. The review revealed a notable lack of integration between leadership succession and innovation. Moreover, the review allowed us to identify five key research areas—entrepreneurship, knowledge management, performance, succession management, and product and process development, providing a structured framework to examine the complex interplay between these two factors. Although innovation is a recurring topic in literature, it is rarely linked explicitly to leadership succession and succession decisions. Consequently, this study underscores the need for further research to elucidate the specific impact of innovation on leadership succession. Future investigations should address issues such as the effect of innovation on succession decisions, gender differences in innovation and succession, and the role of intergenerational knowledge transfer, as these could provide valuable insights for family businesses. Additionally, the study outlines practical recommendations to assist both predecessors and successors in navigating this complex landscape. Key suggestions include promoting robust succession planning, cultivating an innovation-driven culture, and facilitating the transfer of practical knowledge—strategies that can foster a successful leadership transition by enhancing a firm's capacity to innovate and adapt to change.

El impacto de la innovación en la sucesión del liderazgo en empresas familiares: una revisión bibliográfica estructurada [2004-2024]

Resumen Este estudio profundiza en la intrincada relación entre innovación y sucesión del liderazgo en las empresas familiares. Para ello, se realizamos una revisión sistemática de la literatura de 36 artículos que abarcan desde 2004 hasta 2024 para identificar temas clave y lagunas en la investigación. Se identificó la falta de una conexión significativa entre la sucesión del liderazgo y la innovación. La revisión de la literatura ha permitido también identificar cinco focos de atención: espíritu empresarial, gestión del conocimiento, rendimiento, gestión de la sucesión y desarrollo de productos y procesos. Este novedoso marco proporciona un enfoque estructurado para analizar la compleja y crítica relación entre estos dos factores. Aunque la innovación es un tema recurrente en la literatura, rara vez se vincula explícitamente a la sucesión y a las decisiones de sucesión. Este estudio pone de relieve la necesidad de seguir investigando en este ámbito para arrojar luz sobre el impacto específico de la innovación en la sucesión del liderazgo. Abordar en el futuro cuestiones que determinen el impacto de la innovación en las decisiones de sucesión, las diferencias de género en innovación y sucesión, o la transferencia de conocimiento intergeneracional, puede proporcionar información valiosa para las empresas familiares. En el estudio, se esbozan también recomendaciones prácticas para ayudar a los predecesores y sucesores de las empresas familiares a navegar por este complejo panorama. Entre ellas, el fomento de la planificación de la sucesión, la cultura de innovación y la transferencia de conocimientos prácticos, que puede facilitar una transición del liderazgo exitosa al mejorar la capacidad de innovación y adaptación al cambio.

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1. Introduction

Family businesses serve as the economic engine for many countries, and leadership succession is a critical yet challenging aspect of family businesses (Baranyai & Kozma, 2019; Bennedsen et al., 2007; Birley, 1986; Burkart et al., 2003). At the same time, succession has evolved from unplanned events to a multi-stage process (Churchill & Hatten, 1987; Gabarro, 1979; Gordon & Rosen, 1981; Handler, 1992; Vancil, 1987) and today to a more planned one (Sharma et al., 2003; Shen & Cannella, 2002). This process should ideally occur only if the founder is willing to retire (Corona, 2021) and a successor has been identified. Therefore, another significant challenge is the decreasing willingness of family successors (Suchankova et al., 2023).

Innovation is also crucial for family business success (Cioca et al., 2020; Kraus et al., 2011), with research exploring its theoretical underpinnings (De Massis et al., 2022), the obstacles faced by family firms (Lorenzo et al., 2021), the benefits of technological collaborations (Garcés-Galdeano & Beaumont-Miqueleiz, 2024), and its connections to business renewal (Hernández-Linares & Arias-Abelaira, 2022). This expanding body of research highlights the significance of both succession and innovation in family businesses (Cabrera-Suárez, 2005; Farah et al., 2019; Härtel et al., 2010; Lefebvre & Lefebvre, 2016; McAdam et al., 2020; Umans et al., 2019; Umans et al., 2018).

The present work addresses the research gap at the intersection of leadership succession and innovation in family businesses through a structured literature review. While the existing literature examines succession and innovation separately, it lacks an adequate analysis of their interplay, hindering the understanding and resolution of future challenges. Specifically, the crucial role of innovation in family business succession remains underexplored, even when innovation is one of the keywords that has gained increasing relevance in the years 2015-2020 and was in 2020 the fourth most used keyword in family business research (Aparicio et al., 2021). This research aims to highlight this critical area, summarize the existing literature, and provide theoretical and practical recommendations to address the gap.

This study helps researchers in family businesses, innovation, entrepreneurship, and succession identify and address future research paths. In addition, family business owners can gain valuable insights into addressing succession and succession planning alongside innovation. It contributes to family business literature by systematically clustering research on leadership succession and innovation, using cluster analysis to identify their

interplay and key commonalities. The Research Questions (RQ) for this review are the following:
RQ1: To what extent is innovation part of the family business leadership succession literature?
RQ2: To what extent is innovation a decisive factor in leadership succession?

RQ3: To what extent has the capacity for innovation impacted the decision regarding leadership succession?

The documents were analyzed using a structured methodology guided by the previously formulated research questions. To address this issue, specific salient points within the research context must be addressed.

Innovation, while lacking a single definition (Adams et al., 2006), is classically defined as “the doing of new things or the doing of things that are already being done in a new way (innovation).” (Schumpeter, 1947, p. 151), often combined with “its innermost essence [...] *the New*.” (Faix et al., 2015, p. 45) and transforming ideas into improved offerings (Baregheh et al., 2009). This definition links innovation and entrepreneurship in a business context, highlighting that innovation occurs when new products, services, and processes are created, or existing ones are transformed in new ways. Leadership involves ethical actions (Faix et al., 2021), and leadership support has a positive impact on innovation (Demircioglu & Van der Wal, 2021; González-Mohino et al., 2024; Khalili, 2016; Lee et al., 2019), while the management of innovation can affect leadership (Flocco et al., 2021; Głód, 2018).

Recent family business succession research addresses socioemotional wealth (Marques et al., 2023; Umans et al., 2023), leadership succession of non-family members (Li et al., 2024), and innovation-related topics like digital transformation or reinvention (Istipliler et al., 2023; Ren et al., 2023).

While searching current literature on family businesses and innovation, the authors found a notable amount of research on transgenerational entrepreneurship. A search in the Web of Science database yielded 75 sources, including 44 published since 2020. Studies focus on generational knowledge transfer (Bagherian et al., 2024; Capolupo et al., 2023; Dou et al., 2020), transgenerational survival and firm performance (Calabrò et al., 2022), and how critical incidents trigger learning (Clinton et al., 2020). Research also examines the negative impact of a predecessor's continued presence on innovation (Querbach et al., 2020), the connection between pre-succession innovation behaviors and transgenerational entrepreneurship (Dorsch et al., 2023), and the link between transgenerational intentions to increased innovation expenditure (Bammens

et al., 2021). Other studies highlight multiple factors supporting entrepreneurial behavior in subsequent generations (Canovi et al., 2022), the dimensions of transgenerational entrepreneurship, including the role of social capital (De Groot et al., 2021), and potential negative impacts on entrepreneurial spirit in successors (Wang & Zhang, 2021). A comprehensive investigation into transgenerational entrepreneurship is warranted to assess the field's scope and complexities comprehensively. However, it must be acknowledged that such an analysis is beyond the current study's scope.

2. Methodology

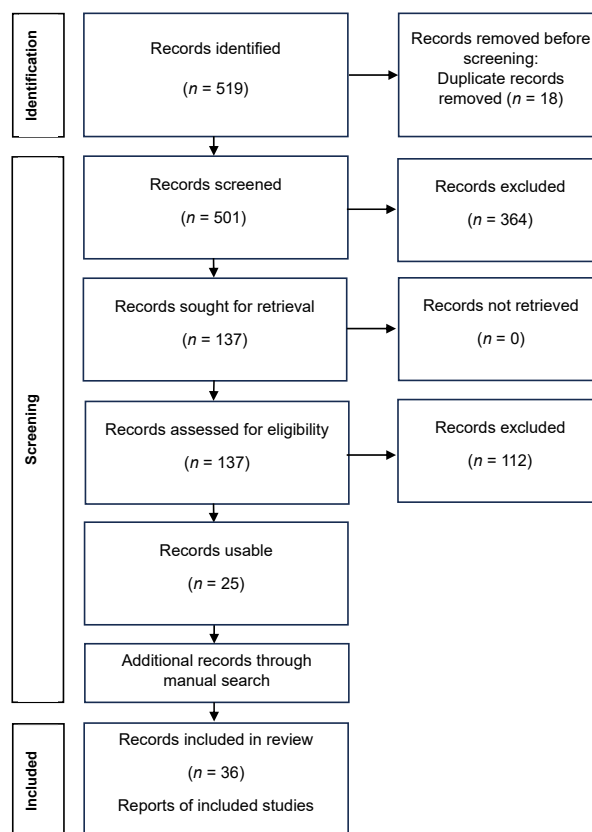
This review employs a structured literature review (SLR) approach to address the research questions, approximately following the guidelines of Massaro et al. (2016). Additionally, it incorporates recommendations from Tranfield et al. (2003), which are foundational to literature reviews on family businesses, such as those by Sageder et al. (2016) or Machek and Kubíček (2019). We followed the path of an SLR to analyze existing literature on succession in family businesses concerning innovation. An SLR offers valuable opportunities to gain an overview of the literature, highlight existing research efforts, and suggest future research directions.

The initial search was conducted in the Web of Science database, which includes the Science Citation Index Expanded (1900-2024), Social Sciences Citation Index (1900-2024), Arts & Humanities Citation Index (1975-2024), Emerging Sources Citation Index (2005-2024), Conference Proceedings Citation Index (1990-2024), Book Citation Index (2005-2024), and Compounds (1993-2024). The search was performed with no time restrictions. Additionally, the research portal EconBiz was used to ensure coverage of current research. EconBiz, a research portal operated by the ZBW - Leibniz Information Center for Economics (*Leibniz-Informationszentrum Wirtschaft*), provides an additional economic perspective. Finally, a manual search was conducted to view available references comprehensively.

The search strategy employed in this systematic review is illustrated in Figure 1 according to the PRISMA guidelines. The PRISMA protocol provides a flow diagram that helps with the steps of the SLR process. The diagram details the number of papers identified, included, and excluded according to the exclusion criteria.

Figure 1. PRISMA diagram used in the literature review

Identification of studies via databases and journals



The initial search yielded 519 records, 18 of which were excluded due to duplication. The first step involved screening these references, excluding 364 based on titles or abstracts. For example, a study on corporate social responsibility in franchises by Fernandez-Muñoz et al. (2022); one from Chen et al. (2019) about the financialization of assets; about the impact of CEOs on boards from a political perspective by Dinh et al. (2021); tax evasion by Eddleston and Mulki (2020); digital product innovation by Capolupo et al. (2024); why some leaders succeed, and others do not by Goodall et al. (2011). Based on relevance to our review, 112 references were excluded due to a scope mismatch. Precisely, studies addressing topics such as gender, family dynamics, or conflict management within family businesses, while related, did not align with the review's delimited focus on leadership succession and innovation. For example, Cesaroni et al. (2021) studied women entrepreneurs, Gimenez-Jimenez et al. (2020) explored the understanding between family and family business, and Ensley (2006) examined conflict management's impact on strategy. These studies, while relevant to the broader field of

family business research, do not directly address the specific intersection of leadership succession and innovation. The manual search added 11 relevant references, resulting in a final sample

of 36 references for the literature review. Table 1 presents a list of the search criteria used in the review process to ensure the replicability of the research.

Table 1. Search protocol used for the review process

Search Criteria	Web of Science & EconBiz
“succession” AND “family business” OR “family company” OR “family firm” AND “leadership” AND “innovation”	Search in: All Fields Research area: All Language: All Document type: All Years: All
Search date	02 Feb 2025
Number of references	519
Double references	18
Excluded references	476
References in the review	25
References by manual search	11
The final dataset of references	36

3. Findings

This section presents a thorough analysis of the selected articles. We begin by offering an overview of these studies, including the journal of publication, the annual distribution of papers, and the number of citations of the most influential papers. Then, we will proceed with a detailed examination to identify prevalent themes and patterns regarding innovation in leadership succession in family businesses. Finally, we outline the opportunities and challenges of the field and construct a roadmap for future research.

3.1 Overview of selected studies

Most search references are from the *Entrepreneurship Theory and Practice* journal (13). In total, references from 18 journals and three conference papers were found. [Table 2](#) provides a brief overview of all journals and conferences with their corresponding number of references.

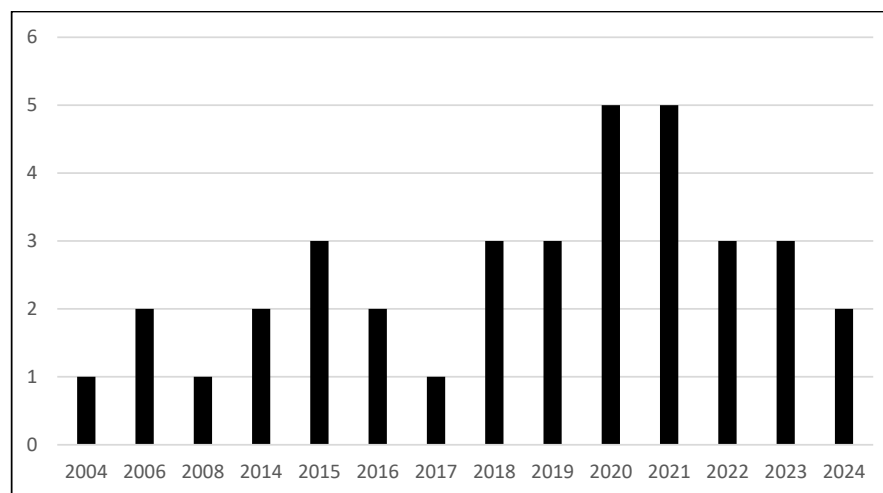
Table 2. Identified journals and conferences

Journal or Conference	AJG 2021 Ranking	Acronym	Papers
Entrepreneurship Theory and Practice	4	ETP	13
Journal of Family Business Strategy	2	JFBS	4
Sustainability	***	SUS**	1
Family Business Review	3	FBR	1
Journal of Cleaner Production	2	JCP	1
Journal of Innovation & Knowledge	1	JIK	1
Kybernetes	1	KYB**	1
Management and Organization Review	3	MOR	1
Technology in Society	***	TIS	1
International Small Business Journal	3	ISBJ	1
International Journal of Entrepreneurial Behavior & Research	3	IJEBR	1
Futures	2	FUT**	1
Organization Studies	4	OS	1
Strategic Management Journal	4*	SMJ	1
Administrative Sciences	***	AS**	1
Journal of Family Business Management	1	JFBM	1
Review of Managerial Science	2	RMS	1
European Journal of Family Business	***	EJFB	1
Total articles			33
3rd International Conference on Leadership, Technology and Innovation Management		CLTIM**	1
5th AIB-CEE Chapter Annual Conference		AIB-CEE**	1
2nd Workshop on Family Firm Management Research		WFFMR**	1
Total references			36

*Journal of Distinction, **Acronym used by the authors, ***Not included in the AJG

As shown in Figure 2, there was a significant increase in the publication of papers from 2020 to 2021, with five papers published annually. Three papers are from previous years (2015, 2018, and 2019) and subsequent years (2022

and 2023). The number of publications was less frequent before 2015. Over 83% of the references were published within the last 10 years, with only six predating 2015, indicating that this field of research focusing on succession and innovation within family businesses is still in its infancy.

Figure 2. Distribution of papers per year

The number of citations (Garfield, 1989) identifies influential work, enabling the authors to evaluate the results, considering their strengths and weaknesses critically. At the end of the list is the paper by Aragón-Amonarriz et al. (2024) with zero citations, likely because it is one of the

most recent papers in this review. Table 3 lists the top 10 most-cited references for the citation classics, with Kellermanns and Eddelston (2006) leading significantly with over 70 citations more than the second most-cited work and standing as the second oldest reference in this review.

Table 3. Citations ordered by decreasing citation rates

Citations	Title	Author(s) and year	Journal
273	Corporate Entrepreneurship in Family Firms: A Family Perspective	Kellermanns, and Eddelston (2006)	Entrepreneurship Theory and Practice
201	Managing the Tradition and Innovation Paradox in Family Firms: A Family Imprinting Perspective	Erdogan et al. (2020)	Entrepreneurship Theory and Practice
167	Innovation activities during intra-family leadership succession in family firms: An empirical study from a socio-emotional wealth perspective	Hauck and Prügl (2015)	Journal of Family Business Strategy
100	Succession Narratives in Family Business: The Case of Alessi	Dalpiaz et al. (2014)	Entrepreneurship Theory and Practice
93	Innovation Motives in Family Firms: A Transgenerational View	Diaz-Moriana et al. (2020)	Entrepreneurship Theory and Practice
78	Paradoxes and Innovation in Family Firms: The Role of Paradoxical Thinking	Ingram et al. (2016)	Entrepreneurship Theory and Practice
70	Succession Planning in Family-owned Businesses: Evidence from Turkey	Tatoglu et al. (2008)	International Small Business Journal
69	Entrepreneurial Management and Governance in Family Firms: An Introduction	Steier et al. (2004)	Entrepreneurship Theory and Practice
69	A Dynamic Network Model of the Successor's Knowledge Construction From the Resource- and Knowledge-Based View of the Family Firm	Cabrera-Suárez et al. (2018)	Family Business Review
67	How familiness affects innovation outcomes via absorptive capacity: A dynamic capability perspective of the family firm	Daspit et al. (2019)	Journal of Family Business Strategy

As seen in Figure 2, the increasing number of references indicates a significant increase in research within this field. Another indicator of this emerging field is that those publications in the citation classics from 2020 now rank second with 201 citations. Six of the top 10 most-cited papers were published after 2014. Thus, the insights from these papers on leadership succession and innovation within family businesses are becoming increasingly relevant.

3.2. Themes and patterns

To synthesize and group the diversity of studies found in the literature, a detailed review of the final dataset of 36 papers was performed. The agglomerative (bottom-up) clustering method was used to identify common themes among them. Specifically, we employed the elbow method to determine the optimal number of clusters (k). Although the elbow method did not yield a clear result, in conjunction with our expertise, it strongly indicated $k=5$. The five clusters were meaningful and interpretable in the context of leadership succession in family businesses and innovation, and our domain knowledge further validated this decision regarding the five clusters. We derived the clusters from the similarity of the theme addressed by the papers, and they were grouped based on the contribution of each focus of analysis to the understanding of the field.

The identified clusters are presented below. A detailed list of the 36 papers assigned to each of the five clusters can be found in Table 4.

Entrepreneurship. This cluster ($n=11$) focuses on the interplay between entrepreneurial orientation, innovation activities, and family business dynamics. Publications in this cluster explore topics such as transgenerational entrepreneurship, innovation motives, and the impact of family involvement on innovation.

Succession management. This cluster ($n=8$) emphasizes the challenges and best practices of succession planning in family businesses, including the influence of socioemotional wealth, gender dynamics, and intergenerational knowledge transfer on succession outcomes.

Knowledge Management. This cluster ($n=8$) examines the role of knowledge creation, transfer, and absorptive capacity in driving innovation within family firms.

Performance. This cluster ($n=5$) investigates the impact of succession and innovation on various performance metrics in family businesses, such as financial performance, Research and Development investment, and firm survival.

Product and process development. This cluster ($n=4$) focuses specifically on product and process innovation within family firms, exploring how succession influences these types of innovation and the role of leadership in driving them.

Table 4. Distribution of papers per cluster

Cluster	Title	Author(s) and year	Journal	Country of research
Entrepreneurship	Corporate Entrepreneurship in Family Firms: A Family Perspective	Kellermanns, and Eddleston (2006)	ETP	-
	Innovation Motives in Family Firms: A Transgenerational View	Diaz-Moriana et al. (2020)	ETP	-
	Entrepreneurial Management and Governance in Family Firms: An Introduction	Steier et al. (2004)	ETP	-
	Beyond the Firm: Business Families as Entrepreneurs	Le Breton-Miller, and Miller (2018)	ETP	-
	Temporal Change Patterns of Entrepreneurial Orientation: A Longitudinal Investigation of CEO Successions	Gröhn et al. (2017)	ETP	USA
	Different Strokes for Different Folks: The Roles of Religion and Tradition for Transgenerational Entrepreneurship in Family Businesses	Eze et al. (2021)	ETP	Nigeria
	Venturing Motives and Venturing Types in Entrepreneurial Families: A Corporate Entrepreneurship Perspective	Riar et al. (2022)	ETP	Germany
	Intra-family succession motivating eco-innovation: A study of family firms in the German and Italian wine sector	Ferri et al. (2024)	JCP	Italy & Germany
	Family firms and innovation from founder to successor	Cesaroni et al. (2021)	AS	Italy
	Leadership Succession and Transgenerational Entrepreneurship in Family Firms: An Evolutionary Perspective of Familiness	Aragón-Amonarriz et al. (2024)	EJFB	Spain
	Entrepreneurial thinking as a key factor of family business success	Hnátek (2015)	CLTIM	-

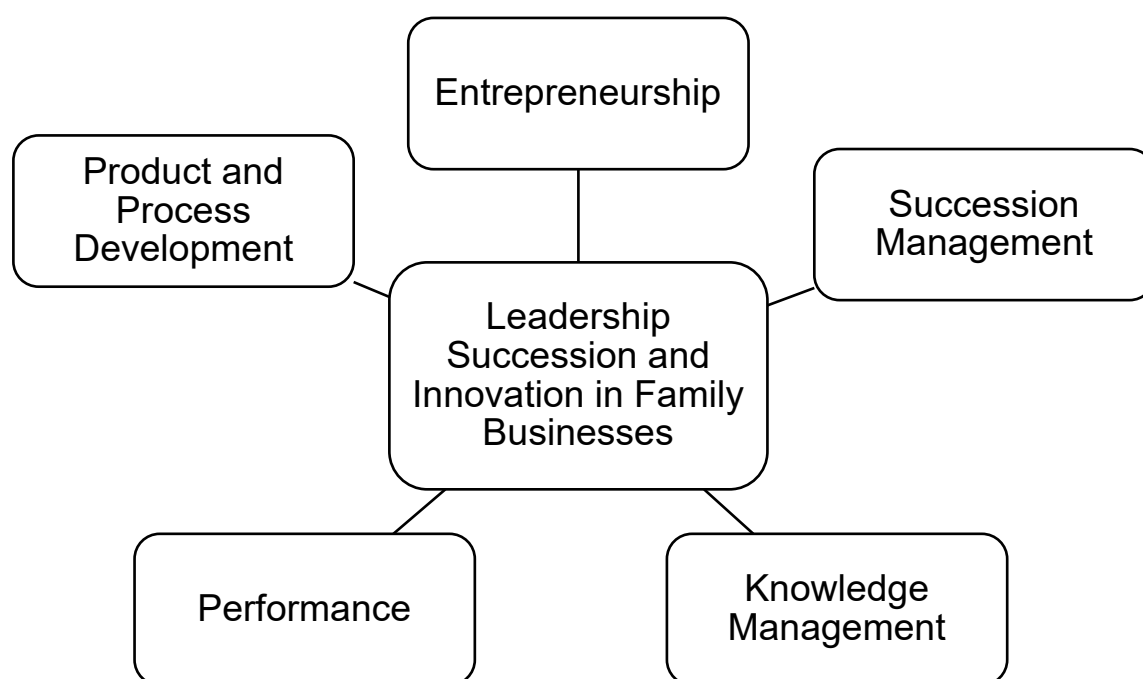
Cluster	Title	Author(s) and year	Journal	Country of research
Succession management	Innovation activities during intra-family leadership succession in family firms: An empirical study from a socio-emotional wealth perspective	Hauck and Prügl (2015)	JFBS	Austria
	Paradoxes and Innovation in Family Firms: The Role of Paradoxical Thinking	Ingram et al. (2016)	ETP	-
	Succession Planning in Family-owned Businesses: Evidence from Turkey	Tatoglu et al. (2008)	ISBJ	Turkey
	Gender gymnastics in CEO succession: Masculinities, Femininities and Legitimacy	Byrne et al. (2021)	OS	France
	Anticipating intergenerational management transfer of family firms: A typology of next generation's future leadership projections	Lefebvre, and Lefebvre (2016)	FUT	France
	Context as a provider of key resources for succession: A case study of sustainable family firms	Botella-Carrubi, and Gonzalez-Cruz (2019)	SUS	Spain
	Predecessors' competency framework for nurturing successors in family firms	Samei, and Feyzbakhsh (2015)	IJEER	Iran
	Identification of success factors for sustainability in family businesses Case study method and exploratory research in Japan	Chirapanda (2020)	JSBM	Japan
Knowledge management	A Dynamic Network Model of the Successor's Knowledge Construction From the Resource- and Knowledge-Based View of the Family Firm	Cabrera-Suárez et al. (2018)	FBR	-
	How familiness affects innovation outcomes via absorptive capacity: A dynamic capability perspective of the family firm	Daspit et al. (2019)	JFBS	-
	To patent or not to patent: That is the question. Intellectual property protection in family firms	Chirico et al. (2020)	ETP	Italy
	Family Firm Behavior From a Psychological Perspective	Sharma et al. (2020)	ETP	-
	Family businesses successors knowledge and willingness on sustainable innovation: The moderating role of leader's approval	Wang et al. (2019)	JK	Taiwan
	Family business succession as knowledge creation process	Duh (2014)	KYB	-
	Modeling the effect of continuity and change as paradoxical forces in the inter-generational transition process of family businesses	Serhan et al. (2023)	JFBS	Lebanon
	Family business succession and innovation: a systematic literature review	Baltazar et al. (2023)	RMS	-
Performance	Back to the Future: The effect of returning family successions on firm performance	Amore et al. (2021)	SMJ	Italy
	Transgenerational Succession and R&D Investment: A Myopic Loss Aversion Perspective	Li et al. (2022)	ETP	China
	A Far-Reaching Parental Love? Co-Governance of Intergenerational Succession and Innovation Activities in Chinese Family Firms	Zhu and Kang (2022)	MOR	China
	When successor becomes the leader of an international family business? - a case study from Poland	Hadrys-Nowak (2018)	AIB-CEE	Poland
	Does Business Succession Enhance Firms' Innovation Capacity? Results from an Exploratory Analysis in Italian Smes	Ganzaroli et al. (2006)	WFFMR	Italy
Product and process development	Managing the Tradition and Innovation Paradox in Family Firms: A Family Imprinting Perspective	Erdogan et al. (2020)	ETP	Turkey
	Succession Narratives in Family Business: The Case of Alessi	Dalpiaz et al. (2014)	ETP	Italy
	Innovation in the post-succession phase of family firms: Family CEO successors and leadership constellations as resources	Zybura et al. (2021)	JFBS	Germany
	Intergenerational dynamics of digital transformation in family firms	Ren et al. (2023)	TIS	China

4. Principal topics and analysis of research trends

This section presents the findings of the SLR conducted in the field. The SLR involved an extensive content analysis of the selected studies. The 36 papers in the target sample were separated into five thematic groups (clusters) according to the approached subject and its contribution to understanding innovation's impact

on leadership succession in family businesses (see Figure 3). Assigning papers to individual clusters is generally straightforward, although a paper could be assigned to multiple clusters in some cases. In this paper, the authors opted for a clear assignment based on the respective focus of each reference. The following Subsections further explain the clusters shown in Table 4, describing the content of the corresponding papers.

Figure 3. Thematic clusters



Cluster 1. Entrepreneurship

The first Cluster Entrepreneurship includes 11 references, as shown in Table 4. Compared to the other four clusters, most references matched the Entrepreneurship cluster. The assigned references found content corresponding to entrepreneurship in various forms. [Steier et al. \(2004\)](#) discussed how succession provides opportunities for organizational renewal, entrepreneurship, and innovation. They also referred to entrepreneurship as fundamentally relevant for creating new ventures and fostering innovation essential for the business's survival ([Diaz-Moriana et al., 2020](#); [Riar et al., 2022](#)). [Kellermanns and Eddelston \(2006\)](#) arrived at conclusions like those of [Steier et al. \(2004\)](#), suggesting that succession significantly impacts entrepreneurship, which directly impacts innovation, among other things. [Aragón-Amonarriz et al. \(2024\)](#) support

this perspective by stating that all the leaders, following the succession, ventured into new business areas and initiated radical changes.

[Grühn et al. \(2017\)](#) also concluded that, following succession, the successor is more concerned with innovation and adopting an entrepreneurial approach than the predecessor. The same opinion is shared by [Le Breton-Miller and Miller \(2018\)](#), who viewed family business members as entrepreneurs. After succession, it is common for the successor to start a new business instead of merely taking over the existing one. However, [Cesaroni et al. \(2021\)](#) offered a different perspective, contending that attitudes, actions, and behaviors shape innovation in the next generation.

[Eze et al. \(2021\)](#) state that succession is sometimes filled with conflicts, which may hinder entrepreneurial activities and innovation. Similarly, [Ferri et al. \(2024\)](#) pointed out that

the successors' motivation also significantly influences innovation and entrepreneurial thinking, analogous to disputes. [Hnátek \(2015\)](#) argued that the most significant difference in innovation capacity exists between a traditional entrepreneur and a hired manager, asserting that entrepreneurial thinking is a crucial factor in the success of family businesses and is, therefore, connected to succession.

Cluster 2. Succession Management

Eight papers focused on Cluster Succession Management in family businesses, and it is one of the leading clusters in this work, as it plays a significant role in succession.

[Tatoglu et al. \(2008\)](#) examined succession planning in Turkey, emphasizing that successful succession is highly achievable with effective succession planning. They identified the three most influential criteria for the successor: competency, interest in the business, and education. During the succession phase, the predecessor will be introduced to the successor's innovation. This notion is supported by [Hauck and Prügl \(2015\)](#), who state that planning results in a successor who engages in innovation.

However, innovation from the successor is quickly diminished if the predecessor remains too involved in the business ([Ingram et al., 2016](#)). Likewise, the drive for innovation diminishes during succession when the predecessor lacks an open mind, as they play a crucial role in laying the foundation for innovations ([Samei & Feyzbakhsh, 2015](#)).

Succession management is a highly personalized process for each business; no standard model exists. That also means that, in some cases, innovation may only occur in incremental change ([Botella-Carrubi & Gonzalez-Cruz, 2019](#)). However, achieving a successful family business succession requires a few key factors, including innovation, competitive advantage, leadership, team management, and good relationships with the local community—innovation being a critical component ([Chirapanda, 2020](#)). Additionally, succession management is often strongly influenced by external factors such as environmental issues, longer life expectancy, or specific gender issues. Modern issues, such as the work-life balance, make succession management increasingly complex due to a lack of commitment from potential successors to assume leadership ([Lefebvre & Lefebvre, 2016](#)). In such cases, succession management becomes particularly challenging in the context of gender-related factors. However, a successor adopting an entrepreneurial masculinity mindset can foster a strong sense of innovation in every case ([Byrne et al., 2021](#)).

Cluster 3. Knowledge management

The third Cluster, Knowledge Management, encompasses eight papers on knowledge management, creation, transfer, and other aspects. [Duh \(2014\)](#) emphasized knowledge as a critical factor in the succession process for business survival and as a source of innovation, stating that knowledge (company and industry knowledge) is the first element successors must learn for a successful succession. [Chirico et al. \(2020\)](#) support this view, asserting that creating new knowledge provides a tactical advantage during the succession process. [Daspit et al. \(2019\)](#) also suggest that knowledge must be gathered, particularly from outside the business, to support the development of leadership skills during succession.

[Cabrera-Suárez et al. \(2018\)](#) observed that knowledge, in the form of the transfer of best practices combined with new generational input, leads to innovation. [Wang et al. \(2019\)](#) further emphasized that the successor's knowledge has a significant impact on innovation and thus an essential factor in the successor selection process. Both viewpoints highlight the importance of knowledge management as a factor in succession concerning innovation.

[Sharma et al. \(2020\)](#) suggest that tradition and innovation can only flourish in the business if the family educates the next generation. This means that the next generation must be involved in developing traditional routines. [Serhan et al. \(2023\)](#) support this argument by stating that the past, whether through rituals or knowledge, must be passed down to the next generation. Thus, the next generation must uphold traditional rituals while embracing modern change to remain relevant and competitive. [Baltazar et al. \(2023\)](#) present an alternative perspective, arguing that it is unclear how knowledge sharing and succession affect innovation. However, they agree that innovation influences the success of a family business.

Cluster 4. Performance

Five papers are related to performance and discuss the company's performance after succession. [Hadrys-Nowak \(2018\)](#) argued that abrupt changes could negatively impact the company. Instead, a successor must implement innovation gradually while maintaining continuity. Succession leads to increased performance once the successor has gained a strong desire to lead the business. This is supported by [Ganzaroli et al. \(2006\)](#), who found that a weak commitment from the successor reduces the innovation capacity of the family business and leads to poorer performance.

Li et al. (2022) found that while a desire to lead the business can hinder innovation in early generations, it does not significantly affect later generations.

On the one hand, Amore et al. (2021) found that having a family successor leads to better company performance post-succession. However, they also discovered that good performance could limit innovative inputs during the succession process. Li et al. (2022) also agreed that succession limits innovation in contrast to others. On the other hand, Zhu and Kang (2022) pointed out that the potential for significant strategic changes, such as co-governance, can foster innovation, contributing to future company growth.

Cluster 5. Product and process development

Four papers in the last cluster generally refer to product and process development. Dalpiaz et al. (2014) clarified that innovation during the succession process involves developing new products and changing business processes and organizational structures to create new products. Erdogan et al. (2020) further explained that successors feel more comfortable with products developed under their leadership than those before their tenure. Zybura et al. (2021) argued that the successor's innovative output increases when the predecessor withdraws. An internal family successor generally creates more innovation than an external successor, likely because of the reasons mentioned by Erdogan et al. (2020). Finally, Ren et al.'s (2023) research is noteworthy. They emphasize that the simple desire to transfer a company affects both product and process development, including the digital transformation process.

5. Discussion of Findings, Conclusions and Suggestions for Future Research

5.1. Synthesis and interpretation of findings

After a thorough SLR process, specific parameters were established for the literature search to identify relevant papers on family businesses, succession, leadership, and innovation. The clusters were used to organize the literature on family business leadership succession. The clusters –Entrepreneurship, Knowledge management, Performance, Succession management, and Product and process development– are all related to innovation, though the focus of each paper within its corresponding cluster varies. The focus should now be on addressing the first research question in more detail. *RQ1: To what extent is innovation part of the family business*

leadership succession literature? The literature on succession in family businesses is extensive and diverse. Combining the search terms, we identified 36 papers over 21 years that matched the criteria and contributed meaningfully to the content. This means that only close to 7.2% of the initial search results (501 results without duplications) contributed to understanding the connection between leadership succession in family businesses and innovation.

The distribution of papers in Figure 2 reveals a limited annual output, suggesting a scarcity of scholarly attention to the intersection of innovation and leadership succession in family businesses. Based on the present review and an analysis of existing methodological approaches, this underrepresentation may be attributed to a dearth of robust empirical investigations in this domain. Furthermore, considering succession and innovation within one research framework presents a significant challenge. While succession can be regarded and is extensively studied, this review indicates that establishing a causal relationship between innovation and succession remains elusive. The multifaceted nature of family business dynamics, coupled with the complexities of innovation processes, makes it challenging to isolate the individual contributions of these factors and their reciprocal effects influence.

Addressing RQ1, the cluster analysis demonstrates that innovation is part of the broader family business leadership succession literature. However, the relatively low yield of pertinent publications highlights the necessity for additional research. The observation that fewer than 8% of the search results for the combined keywords “succession” and “innovation” specifically address their relationship highlights the significant gap in current scholarship. It suggests that this area's potential for future investigation is still considerable.

The authors identified a significant intersection with innovation in all 36 papers concerning the second research question, *RQ2: To what extent is innovation a decisive factor in leadership succession?* In the Cluster Performance, innovation focuses on the family business's post-succession performance and how different factors influence it. The Cluster Entrepreneurship primarily addresses the impact of succession on entrepreneurship, both after and during the succession process. The Cluster, Knowledge Management, focuses on knowledge transfer and how knowledge is passed down from predecessor to successor, including business, industry, and family knowledge. One of the larger clusters, Succession Management, addresses innovation in various contexts, primarily concerning how

succession should occur and the consequences of different succession plans. Finally, the Cluster Product and Process Development focuses directly on new product innovations or the company's modification, adaptation, or redesign of processes. Thus, to answer RQ2, the results of this review show that innovation, among previous studies, has not been a decisive factor in leadership succession in family businesses. This is also because children or other relatives are the preferred successors in family businesses.

Like RQ2, the discoveries made regarding the individual clusters also apply to the third research question, RQ3: *To what extent has the capacity for innovation impacted the decision about leadership succession?* Therefore, direct conclusions can be drawn from RQ2 to RQ3. While none of the papers specifically mention innovation as a decisive factor in the decision concerning the potential successor, the results in the clusters suggest that innovation can indirectly influence succession. The cluster Product and process development states that innovation is essential for achieving a thriving business in the future. Therefore, a successor with a proven record of driving innovation may be favored. Consequently, the findings do not yield a definitive answer to RQ3. At this stage, no research illustrates how the ability to innovate explicitly impacts the choice of a successor.

5.2. Discussion

The authors argue that leadership succession in family businesses, along with innovation, is a topic of significant importance that remains under-researched, a view shared by Aparicio et al. (2021). This review followed Massaro et al.'s (2016) structured literature review approach. Examining relevant publications on succession in family businesses allowed for a more detailed literature review. This review's findings indicate that innovation does not directly affect the family business succession literature. The content related to innovation already presents results that are partially connected to succession. However, as mentioned in the introduction, they fail to respond substantially to the numerous questions surrounding succession and innovation. They do not help solve future problems and challenges for family businesses. With the future research paths and managerial implications outlined here, the authors aim to help bridge this gap and offer concrete recommendations for theory and practice.

Innovation appears frequently in the 36 papers referenced, though in entirely different contexts. For example, Cluster Entrepreneurship investigates how entrepreneurship sustains family

businesses across generations (Kellermanns & Eddelston, 2006) and how successors can maintain an entrepreneurial mindset (Riar et al., 2022). Product and process development was also highlighted in a paper, emphasizing how innovation drives product improvement as the next generation becomes comfortable with it (Erdogan et al., 2020). Furthermore, Alessi evolved from a metalworking company into a design firm (Dalpiaz et al., 2014). The results across each cluster indicated that topics related to succession and innovation vary significantly, adding to the complexity of the research field.

Concerning the research questions of this paper, none of the records explicitly mentioned innovation as a criterion for determining the successor in the family business. However, as this review indicates, a few records indirectly reference innovation as influencing decision-making. For instance, Botella-Carrubi and Gonzalez-Cruz (2019) argue that achieving a business with a high level of innovation benefits from a managerial style that differs from that of the predecessor to the successor. Furthermore, Zybura et al. (2021) describe a family member as a successor and an individual with a greater capacity for innovation. In contrast, Hnátek (2015) identifies entrepreneurial thinking as a critical factor in the decision-making process, suggesting that a hired manager may not possess the same entrepreneurial spirit as the entrepreneur, indicating that this is a key aspect of the decision process.

5.3. Implications for theory and practice

The research contributes to the literature by offering a rigorous, systematic approach to literature review that searches, screens, and clusters numerous papers, thus providing a comprehensive overview of the existing literature. It introduces a new framework for analyzing innovation and succession in family businesses. Future researchers can utilize this framework and the five clusters to better understand this problematic relationship. The results enhance the understanding of the role of innovation in leadership succession within family businesses, emphasizing how innovation can impact the leadership succession process—from selecting a successor to the performance of the family business. They also reveal that, depending on a predecessor's focus, these insights can provide the necessary inputs for fostering innovation, ensuring a smooth transition, or aiding in adopting innovation as a fundamental aspect of change and long-term performance.

The results illustrate a significant research gap regarding the relationship between innovation

and succession or the choice of a successor in family businesses. Further scientific research is needed to better comprehend succession and innovation within family businesses. Qualitative and quantitative research are essential for understanding innovation influencing leadership

succession in family businesses. As indicated in Table 5, the authors have identified three unexamined areas. These areas demonstrate how succession affects strategic business decisions such as innovation (Aparicio et al., 2021).

Table 5. Future research paths

Future research paths	
The impact of innovation on succession decisions	How does a successor's capacity for innovation influence the decision-making process regarding a successor? This may involve understanding industry dynamics, family values, risks, and specific characteristics of innovation. The research could include case studies of successful family business successions, identifying the elements of success that contributed to the choice of an innovative successor. It could also involve input regarding how the predecessor decides about a successor. What values and decision criteria underpin the choice?
Gender differences in innovation and succession	Investigating the differences between succession and innovation could provide valuable insights. This could focus on how gender roles, cultural norms, or societal expectations influence the ability of successors of varied genders to innovate. It could also involve comparing the innovative behaviors of successors of varied genders and how gender influences the decision-making process. Another aspect here could be whether the innovative ability of different genders is perceived differently by their predecessors.
Intergenerational knowledge transfer	Intergenerational knowledge transfer could address the real effects of changes in the innovative abilities of different generations. Research could explore further how knowledge transfer fosters innovation during a succession. In addition, researchers could look at whether knowledge transfer is still crucial today, as we have access to an incredible amount of knowledge via AI and other media. One effect worth considering more closely is the question of what content, skills, and values should be passed on to foster innovation from one generation to the next.

5.4. Managerial implications

Family businesses must adapt to the evolving business landscape to ensure long-term sustainability. Generational change presents a unique opportunity to embrace innovation and drive growth. An advantage is a successor with a correspondingly high capacity for innovation (Le Breton-Miller & Miller, 2018). However, to maximize the positive impact of innovation in leadership succession, the predecessor (but also potential successors) must prioritize the following:

Succession Planning

- Succession planning should commence early to guarantee a smooth transition. Even if the predecessor is not yet contemplating retirement or succession, the initial steps in succession planning should begin as soon as a potential successor is of the right age.
- If there are already multiple Generations in the business family, include all of them to promote understanding of the business, succession planning, and the need for innovation.

- Establish a timeline for leadership succession. This should involve identifying potential successors, creating a plan for transferring knowledge, skills, and values, and an emergency plan if something unforeseen happens.

Innovation and Growth

- Agree to cultivate an open framework for innovation. Create a culture that values creativity, experimentation, risk-taking without negative consequences, and continuous improvement.
- Invest in the training and development of employees, enhance their innovation skills and knowledge, and reallocate resources to research and development.
- Encourage collaboration and knowledge sharing between employees and management, as well as between generations, to foster innovation and continuity. Contact external partners such as universities, research institutions, or other businesses to exchange new knowledge and technologies.

Leadership Development

- Invest in potential successors by implementing leadership development programs, coaching, and mentoring to support them.
- Encourage innovation through an entrepreneurial mindset in the whole family.
- Maintain the founder's or family traditions and values, but do not forget to adapt them to the changing environment.
- Succession in a family business is already complicated but becomes even more complex by emphasizing innovation. However, by implementing effective strategies, family businesses can ensure their future success and facilitate a smooth and sustainable transition across generations.

Author contribution statement

Benjamin Bahmann: Conceptualization, Data curation, Investigation, Methodology, Validation, Writing - original draft. **Claus-Christian Carbon:** Conceptualization, Methodology, Supervision, Writing - review & editing

Conflict of interest statement

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Ethical statement

The authors declare that the ideas, concepts, and theoretical contributions of other researchers have been duly referenced and that intellectual property rights have properly been attributed to them.

Declaration on the use of generative AI in the writing process

During the preparation of this work, the authors did not use generative AI.

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Corporate Social Responsibility in Family-Owned SMEs: Examining Influential Factors Through the SGE21 Standard

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Abstract This study investigates the influence of the factors established by the SGE21 standard in family businesses in a Latin American country, specifically Mexico. Corporate social responsibility (CSR) is a critical issue for companies, which increasingly adopt social responsibility models for ethical, philanthropic, stakeholder-driven, or competitive reasons. However, few studies focus on small and medium-sized family businesses (family SMEs) in this context. This research has two main objectives. First, it seeks to determine whether factors such as corporate governance, customers, suppliers, employees, the social and natural environment, investors, competition, public administration, and company age influence the CSR practices of family SMEs. Second, it assesses the level of CSR adoption in these businesses according to the Ethical and Socially Responsible Management System (SGE21 standard). The study analyzes data from 65 family businesses applying four types of analysis: exploratory factor, descriptive, correlational, and linear regression, employing the Ordinary Least Squares (OLS) method. The results indicate that most family businesses exhibit an intermediate level of adoption of the SGE21 standard indicators. The key factors influencing CSR in family SMEs are corporate governance, suppliers, employees, and the social-natural environment. This research contributes to the existing literature by providing insights into CSR from the perspective of Latin American family businesses. It highlights that, even without prior knowledge of the variables and indicators established by the SGE21 standard, these businesses actively engage with CSR indicators due to their inherent commitment to social responsibility. Furthermore, the findings underscore the adaptability of the SGE21 standard for implementation in Latin America.

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PALABRAS CLAVE
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La responsabilidad social de las empresas familiares: examinando los factores de influencia a través de la norma SGE21

Resumen Este estudio investiga la influencia de los factores establecidos por la norma SGE21 en las empresas familiares de un país latinoamericano como México. La responsabilidad social empresarial (RSE) es un tema trascendental para las empresas, que cada vez más adoptan modelos de responsabilidad social por razones éticas, filantrópicas, de presión de grupos de interés o competitivas. Sin embargo, pocos estudios se centran en las pequeñas y medianas empresas familiares en este contexto. Esta investigación tiene dos objetivos. Determinar si factores como el gobierno corporativo, los clientes, los proveedores, los empleados, el entorno social y natural, los inversores, la competencia, la administración pública y la edad de la empresa influyen en la responsabilidad social corporativa de las pequeñas y medianas empresas familiares. y evaluar el nivel de adopción de la responsabilidad social corporativa en estas empresas familiares, según la visión del Sistema de Gestión Ética y Socialmente Responsable (norma SGE21). Utilizando datos de 65 empresas familiares, aplican-

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do cuatro tipos de análisis: factorial exploratorio, descriptivo, correlacional y de regresión lineal, aplicando el método de mínimos cuadrados ordinarios. Los resultados revelaron que la mayoría de las empresas familiares tienen un grado intermedio de adopción de los indicadores establecidos por la norma SGE21. Los factores que influyen en la RSE de las pequeñas y medianas empresas familiares son el gobierno corporativo, los proveedores, los empleados y el entorno socio-natural. Esta investigación contribuye a la literatura previa desde la perspectiva de las empresas familiares latinoamericanas al revelar la importancia de la responsabilidad social corporativa. Incluso sin conocimiento previo de las variables e indicadores establecidos por la norma SGE21, estas empresas atienden a estos indicadores debido a su compromiso de ser socialmente responsables. Además, la investigación demostró la flexibilidad de la norma SGE21 para su adopción en América Latina.

1. Introduction

Social responsibility has acquired a fundamental role in society, evolving from a fashion to a necessity for companies. **This shift responds to the growing pressure from stakeholders, who no longer seek only quality products or services but also demand ethical, sustainable, and transparent behavior (Zinkann, 2024).** Further, it also constitutes a competitive advantage strategy and is, therefore, a fundamental element for achieving business objectives (Nahar & Khurana, 2023) established in social, economic, and environmental aspects. Stakeholders have increased their level of demand for all sizes, sectors, and types of companies, hence obligating such enterprises to meet stakeholder needs without neglecting their objectives (Diéguez-Soto et al., 2024; Lyulyov et al., 2023; Gabler et al., 2023; Sun, 2021). **This balance requires comprehensive management, allowing companies to operate profitably without disregarding their responsibilities toward the social and environmental spheres (Gabler et al., 2023; Martín & Aroca, 2016; Risi et al., 2023).**

Family businesses (FBs) represent the most common type of organization globally (Arzubiaga et al., 2019; Rovelli et al., 2022). Historically, these organizations have been more connected to their communities and social well-being, which enables them to perform better in implementing social responsibility practices (Cardona et al., 2024; Patuelli et al., 2022; Stock et al., 2024; Aparicio & Iturralde, 2023), and tend to have more remarkable performance in social responsibility practices (Aragon & Iturrioz-Landart, 2020; Battisti et al., 2023; Rivo-López et al., 2021). **This commitment aligns with their internal values and the desire to create a positive impact that transcends generations, explaining why they often lead in social responsibility matters.**

In the business world, those who advise companies, managers, or human resources administrators may consider that the methodologies applicable to large companies can be adopted by micro, small, and medium-sized companies (MSMEs). So, each company must adopt social responsibility strategies according to their real-

ity, concerns, and particularities (Aparicio & Iturralde, 2023).

Companies can adopt various social responsibility (SR) methodologies, such as the United Nations Global Compact, promoting values about human rights, labor relations, the environment, and corruption (De Oliveira & Smith, 2012). Also, the Green Book of the Global Reporting Initiative (GRI) establishes a guide with indicators to measure CSR and present sustainability reports (GRI, 2024). In Mexico, it is used precisely to present SR reports (Ríos-Manríquez & Sánchez, 2020). Other international standards issued by the International Organization for Standardization (ISO) include the ISO 26000 standards. The SGE21 standard, which originated in Europe, certifies ethical and socially responsible management systems voluntarily. It evaluates the integration of social, environmental, and governance aspects (Forética, 2017).

The globally accepted ISO 26000 and the SGE21 are international standards for SR that MSMEs companies can adopt. These standards are free and universally recognized, making them suitable for all types of companies, sectors, sizes, or lines of business. The SGE21 standard certifies socially responsible companies, adding to its credibility.

In this research, the SGE21 standard is chosen due to its flexibility in adapting to a globalized world and its adaptability to all types of companies, such as FBs. Its approach aims to voluntarily address social, environmental, and commercial aspects, as well as its relationship with the various interest groups (Forética, 2017).

Despite the growing attention toward social responsibility in companies, **the focus on FBs particularly SMEs, remains limited.** Most studies focus on large corporations, leaving a knowledge gap regarding SR practices in family SMEs (Alayo et al., 2023; Stock et al., 2024; Martín & Aroca, 2016). **This gap is particularly significant in the Latin American context, where FBs represent 90% of the business landscape, with Mexico ranking as the fifth country globally with the highest number of FBs, and the most significant number in Latin America (Kurowska-Pysz et al., 2024; Palares, 2023; Donoso, 2023).** This reality **underscores the importance of understanding how regional FBs can adopt and benefit from corpo-**

rate social responsibility practices.

Therefore, this research has two aims. The first is to determine if the factors of corporate governance, customers, suppliers, people who make up the organization, social environment, natural environment, investors, competitors, public administrations, and company age influence the CSR in family SMEs. The second determines the level of adoption of the Social Responsibility of family SMEs (CSRFSME), from the vision that is part of the SGE21 standard and the company's characterization (as is age).

The present investigation is organized into five sections: the introduction establishes the justification and objectives of the research; the literature review supports the importance of studying CSR in Family SMEs; the methodology; analysis and results, followed by the discussion and conclusions.

2. Theoretical Background and Research Hypotheses

This section reviews the literature on the importance of social responsibility in companies, CSR, and FBs and on the feasibility of adopting the SGE21 standard, establishing the variables and research hypotheses.

2.1. Corporate social responsibility and standards at the service of the company

CSR is a company's commitment to ethical and sustainable practices driven by philanthropy, stakeholder pressure, or competitive strategy. Under ethical principles, CSR typically focuses on three core areas: social, economic, and environmental. Although these terms are clear, they can be interpreted ambiguously, resulting in international organizations, individual countries, and researchers have developing various methodologies to establish clear standards for companies pursuing social responsibility. [Ríos-Manríquez & Sánchez \(2020\)](#) emphasize the importance of organizations that support companies by offering "proposals for socially responsible actions, technical standards, and proposed methodologies [...] seeking to establish SR regulations" (p.37).

Numerous tools and methodologies exist for companies to adopt, but this research only aims to explore some of them in detail. However, it is essential to note that CSR methodological frameworks have evolved, mainly through the work of international organizations, resulting in global standards such as the GRI and ISO 26000. GRI offers a comprehensive guide with indicators for measuring CSR and producing sustainability reports ([GRI, 2024](#)). Additionally, ISO 26000, developed through global consensus, serves as a guide for all organizations, covering seven core sub-

jects: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer affairs, and community involvement ([ISO Standard, 2010](#)).

The Ethical and Socially Responsible Management System, represented by the SGE21 standard issued by Forética in Spain, is particularly relevant to this research. SGE21 is based on the ISO 26000 framework and is accepted in Europe and Latin America, characterized by its focus on three dimensions: economic, social, and environmental. The SGE21 standard is notable for its adaptability, as it can be adopted by companies of any size, sector, or type, and it is compatible with other systems, such as quality management and environmental protection. Additionally, it offers a CSR certification following a voluntary evaluation process ([Forética, 2017, 2008](#)). SGE21 is structured into nine management areas, each defining the indicators companies must meet to demonstrate CSR implementation. These areas include corporate governance, customers, suppliers, employees, the social environment, the natural environment, investors, competitors, and public administrations ([Forética, 2017, 2008](#)). This flexibility makes the SGE21 standard particularly suitable for family businesses.

The literature analyzes the approaches of CSR standard models, such as SGE21 and ISO 26000 ([Carrillo et al., 2023](#)), with a focus on environmental, social, and governance variables ([Arteaga & Basco, 2023](#); [Torres et al., 2023](#)). It also delves into the SGE21 standard, considering its variables for integrating strategy into CSR management ([Ruiviejo & Sotomayor, 2016](#)). Additionally, it explores the adoption of the SGE21 standard in Mexican companies ([Ríos-Manríquez et al., 2021](#); [Ríos-Manríquez & Sánchez, 2020](#)), proposing models of CSR for Mexican SMEs.

2.2. Family business

FBs intersect two subsystems: family and business ([Arzubiaga et al., 2019](#); [Stock et al., 2024](#)). They are the most prevalent organizational form worldwide ([Arzubiaga et al., 2019](#); [Aparicio & Iturralde, 2023](#); [Villalonga & Amit, 2020](#)), characterized by family control over governance and management ([Sun et al., 2024](#)). FBs can be large, medium, minor, or micro and operate across various sectors, such as industry, commerce, and services. Although there is no universally agreed-upon definition of a family business, they are generally described as organizations where ownership, control, and management are under total or partial authority of a family ([Baltazar et al., 2023](#); [Herrero et al., 2024](#); [Sun et al., 2024](#)). FBs are those in which the founder plays a significant role in governance, and the company reflects the family's values and traditions ([Alayo et al., 2023](#);

Mariani et al., 2023).

The defining characteristics of FBs are (Manzano-García, 2023): a) family ownership and governance, b) family emotions influencing management, and c) decision-making controlled by family members. FBs are known for their strong commitment to social responsibility, which stems from their deep-rooted values and strong ties to their communities (Battisti et al., 2023; Mora & De la O, 2023; Ríos-Manríquez & Sánchez, 2020; Venturelli et al., 2021). This organizational culture enables FBs to adapt quickly to market changes and foster long-term competitive advantages, which often translate into a higher level of social responsibility (Rueda & Rueda, 2019). Moreover, FBs play a significant role worldwide, accounting for two-thirds of companies in the world economy (Albers-Schoenberg et al., 2020). FBs represent 90% of companies in Mexico, generating 85% of the country's Gross Domestic Product (GDP) (Leyva, 2022). Furthermore, 90% of the companies listed on the Mexican Stock Exchange are of family-owned origin (Rizo, 2018).

2.3. Family business and social responsibility

CSR has become increasingly important in businesses, making it necessary to explore social responsibility practices by business type, activity, and sector, including FBs. This is a relatively recent area of research (Stock et al., 2024). FBs have increasingly engaged in CSR due to the mutual benefits it offers to the family and the business (Citterio et al., 2024; Stock et al., 2024). CSR practices in FBs are often reinforced by their values, corporate culture, strong community commitment (Do Espirito Santo, 2023), and responsible practices (Aragon & Iturrioz-Landart, 2020).

Scholars have explored various dimensions of CSR in FBs, such as the impact of family ties on social performance and corporate governance (Endo, 2020; Salehnezhad et al., 2023; Thuy et al., 2024). The literature suggests that the family's involvement in the business strengthens CSR practices, given the family's emotional ties and focus on reputation and community relations (Mariani et al., 2023; Stock et al., 2024). However, family influence can have negative consequences, such as nepotism and undermining social responsibility practices (Clarke, 2023; Serfraz et al., 2023).

In Mexico, limited studies have examined CSR in SMEs, using the SGE21 standard, and even fewer have focused on FBs. The studies tend to focus on variables that influence the social responsibility of SMEs, such as human capital, customers, and organizational governance (Ríos-Manríquez et al., 2021), justifying the need to explore CSR in family SMEs further, especially in Latin America.

2.4. Hypotheses and research focus

This research is particularly intriguing, focusing on the potential impact of family SMEs adopting the SGE21 standard in Latin America. The SGE21 standard, with its nine management areas, offers a comprehensive framework to evaluate CSR in any type of company, including FBs. Moreover, the influence of company age on social responsibility leads to the following hypotheses:

H₁. Corporate governance, customers, suppliers, people who make up the organization, social environment, natural environment, investors, competitors, and public administrations influence the social responsibility of family SMEs.

H₂. Company age positively influences the social responsibility of family SMEs.

H₃. Family SMEs have a high level of social responsibility.

3. Research Method

This section covers the research design, subjects, instrument, indicators of the nine variables (as defined to the SGE21 standard), the proposed econometric model, sample, and internal consistency.

3.1. Design of the research

A quantitative approach is proposed to respond to the objectives of this research. This involves conducting an exploratory factor analysis to validate the instrument used in the investigation, followed by a descriptive analysis using contingency tables, a correlational analysis and subsequently proposing a linear regression model. The OLS method is used because it provides the Best Linear Unbiased Estimator (BLUE) under the following assumptions: 1) The model is linear in the parameters; 2) Normality, $\varepsilon_{ij} \sim N(0, \sigma^2)$; 3) Homoscedasticity, $\text{VAR}[\varepsilon_{ij}] = \sigma^2$; 4) The model is correctly specified; and 5) There is no perfect multicollinearity. The technical structure on which this study is based is shown in Table 1.

Table 1. The technical structure of the research

Type of research	Quantitative, exploratory factor analysis, descriptive, correlation and regression
Design	Non-experimental, with cross-sectional data.
Sample selection	Quota system
Subjects of study	65 family business
Size	SMEs
Country	Mexico
Lifting method	Face to face
Statistical software	SPSS 23rd version, Stata13
Instrument	5-point Likert scale questionnaire (based on the SGE21 standard)

Source: Self-made.

3.2. Measurement instrument

The measurement instrument was adapted from the SGE21 standard issued by [Forética \(2017, 2008\)](#). [Table 2](#) details each variable. In this research, the indicators consist of 76 items: corporate governance (CG; 23), customers (CU; 10), suppliers (SUP; 4), people who make up the organization (PMO; 15), social environment (SE; 5), natural environment (NE; 8), investors (INV; 3), competition (COMP; 6), and public administrations (PA; 2). These are measured using a 5-point Likert scale: 1) indicator is not met, 2) indicator is sometimes met, 3) medium degree of implementation, 4) indicator is met most of the time, and 5) indicator is fully met. The firm's age variable influences the dependent variable CSRFSME.

The dependent variable CSRFSME is a control variable in which the respondent was asked if they consider the company where they work is socially responsible, with the following 5 Likert scale response options: 1) not a SR Company, 2) low degree of SR, 3) intermediate degree of SR, 4) medium degree of SR, 5) high degree of SR.

The description of both the dependent and the independent variables is shown in [Table 2](#). Additionally, the indicators of the independent variables and their coding are also included. The businessmen were administered the instrument in person, and a detailed explanation of the questionnaire's content was provided. Their questions were addressed, and assurances were given regarding the anonymity of their responses and the general treatment of the data.

Table 2. Measurement instrument for social responsibility in family SMEs.

Dependent variable		
Variable	Code	Description
CSR in family SMEs	CSRF-SME	Like any other type of company, share the same commitment to social responsibility. However, their family ties serve as an advantage, fostering greater commitment, trust, and a sense of belonging (Mora & De la O, 2023 ; Venturelli et al., 2021), as well as a strong corporate culture and dedication to the community or region in which they operate (Rueda & Rueda, 2019).

Independent variable				
SGE21 Standard	Code	Description	Code	Indicator of each independent variable
Corporate governance	CG	Responsible for ensuring that the other indicators work properly.	CG1	Legal requirements and regulations activity.
			CG2	Legal requirements and specific regulations.
			CG3	Updating of legal and regulatory requirements.
			CG4	Ethical management policy.
			CG5	Social responsibility policy.
			CG6	Code of Conduct.
			CG7	Compliance with the code of conduct.
			CG8	Ethical management committee.
			CG9	Social responsibility committee.
			CG10	Responsible for Ethical Management.
			CG11	Responsible for Social Responsibility Management.
			CG12	Social responsibility plan.
			CG13	Plan monitoring indicators.
			CG14	Model and interest groups.
			CG15	Interest groups.
			CG16	Communication.
			CG17	Security of information.
			CG18	Public policy.
			CG19	Ethical management system.
			CG20	Socially responsible management system.
			CG21	Annual review of the ethical management system.
			CG22	Annual review of the socially responsible system.
			CG23	Social responsibility status report.

Independent variable				
SGE21 Standard	Code	Description	Code	Indicator of each independent variable
Customers	CU	Consumers are increasingly demanding not only quality products but also the company acts in a responsible manner.	CU1	Responsible and competitive products and services.
			CU2	Continuous commitment R+D+I.
			CU3	Quality principles.
			CU4	Client satisfaction.
			CU5	Commercial offer.
			CU6	Product or service safety.
			CU7	Accessibility to products and services.
			CU8	Advertising principles and practices.
			CU9	Principles and practices of responsible advertising.
			CU10	Responsible advertising.
Suppliers	SUP	They are the commercial partners that the company seeks, meeting the requirements of a socially responsible company, such as promoting good practices.	SUP1	There are responsible purchasing criteria.
			SUP2	Supplier diagnosis and classification system.
			SUP3	Responsible purchases.
			SUP4	Collaboration with suppliers.
People who make up the organization	PMO	It is the commitment that the company makes to its employees that supports their work, personal, and family life.	PMO1	Human rights.
			PMO2	Employee diversity profiles.
			PMO3	Principle of equal opportunities.
			PMO4	Absence of discrimination.
			PMO5	Control of unwanted behaviors.
			PMO6	Conciliation with the collaborator.
			PMO7	Safety and health mechanisms.
			PMO8	Prevention of occupational hazards.
			PMO9	Job description.
			PMO10	Assessment of training needs.
			PMO11	Information about the code of conduct.
			PMO12	Evaluation of the work environment.
			PMO13	Stakeholder interests and demands.
			PMO14	Suggestions, complaints, or reports.
			PMO15	Follow-up on problem solving.
Social environment	SE	The company is committed to measuring and evaluating its social impact and investment in the community.	SE1	Repercussions in the community.
			SE2	Adoption of measures in favor of society.
			SE3	Transparency in the social environment.
			SE4	Report on solidarity or social actions.
			SE5	Report on activities with society.

Independent variable				
SGE21 Standard	Code	Description	Code	Indicator of each independent variable
Natural environment	NE	The company is committed to identify how their activities have an environmental impact and develop programs to care for the environment.	NE1	Pollution prevention.
			NE2	Identification of impacts to the environment.
			NE3	Program for environmental commitment.
			NE4	Annual review of the management program.
			NE5	Environmental risk plan.
			NE6	The plan for risks and prevention of accidents, incidents, and emergencies.
			NE7	Annual review of the risk plan.
			NE8	Informed Stakeholders.
Investors	INV	The company is committed to providing potential investors with transparent and reliable information.	INV1	Transparency and value creation.
			INV2	Good governance code.
			INV3	Company financial statements are disclosed to the public.
Competence	COMP	The company is committed to establishing fair competition and fostering cooperation and alliances with its competitors.	COMP1	Respect for the property rights of competitors.
			COMP2	Stakeholder agreements.
			COMP3	Improper actions are not allowed.
			COMP4	Updating of claims and competition requirements.
			COMP5	False information is not disseminated.
			COMP6	Forums of interest.
Public administrations	PA	The company is committed to complying with the law and establishing communication channels with public administrations.	PA1	Communication channels and dialogue.
			PA2	Comply with law.
Company age	AGE	Young companies (in operation for 10 years or less) Mature companies (in operation for more than 10 years)		

Source: Forética (2017, 2008), Ríos-Manríquez et al. (2021).

3.3. Sample characteristics

In Mexico, no formal organization was found that provides data on FBs. Therefore, the research on the SGE21 standard was applied to small and medium-sized companies, established by the National Statistical Directory of Economic Units of INEGI, which includes 17123 companies (INEGI 2024). With a sampling error of 5% and a confidence level of 95%, a sample of 376 was obtained, of which 65 FBs responded, and are reported in this research. The sample indicates that 61.5% are of male gender leading FBs, and 38.5% are of female

gender, with high school studies mostly (43.1%), followed by a bachelor's degree (26.2 %), 13.8% secondary, 10.8% primary, and 6.2% with master's degrees. As per company size and age, 73.8% are small, 26.2% are medium, 27.7% are young, and 72.3% are mature, respectively (see Table 3).

Table 3. Descriptive analysis of the sample by sector, size, and age.

Age	Sector	Company Size		Total
		Small	Medium	
Young companies (in operation for 10 years or less)	Industry	15.4%	4.6%	20.0%
	Commerce	1.5%	1.5%	3.1%
	Services	4.6%	0.0%	4.6%
	Total	21.5%	6.2%	27.7%
Mature companies (in operation for more than 10 years)	Industry	30.8%	13.8%	44.6%
	Commerce	13.8%	1.5%	15.4%
	Services	4.6%	4.6%	9.2%
	Agriculture	3.1%	0.0%	3.1%
	Total	52.3%	20.0%	72.3%
Total	Industry	46.2%	18.5%	64.6%
	Commerce	15.4%	3.1%	18.5%
	Services	9.2%	4.6%	13.8%
	Agriculture	3.1%	0.0%	3.1%
	Total	73.8%	26.2%	100.0%

Source: Self-made.

4. Results

Initially, an exploratory factor analysis (EFA) is carried out, using principal components and varimax rotation, eliminating charges in excess of 0.500, to obtain a robust instrument of social responsibility that characterizes Mexican FBs. Table 4 shows how the robust instrument remains, eliminating 34 items for having loads of less than 0.500 (De la Fuente, 2011). The eliminated items are CG1, CG2, CG3, CG4, CG5, CG6, CG7, and CG18 of corporate governance (8); CU2, CU3, CU7, CU8, CU9, and CU10 from customers (6); PMO1, PMO2, PMO4, PMO5, PMO10, PMO11, PMO12, PMO13, PMO14, and PMO15 from people who make up the organization (10); SE1, SE2, and SE3 of social environment (3); NE4 of natural environment (1); INV1, INV2, and INV3 of investors (3); COMP1, COMP5 and COMP6, of competition (3); PA1, PA2, public administrations, eliminating this area.

Forty items were distributed in 6 variables: corporate governance (15), customers (4), suppliers (4), people who make up the organization (5), natural and social environment (9), and competition (3). The investor and public administration variables were eliminated, and the social and natural environment variables were combined. The EFA results indicate a variance of 75.890, being the six variables CG, S&NE, CU, PMO, SUP, and COMP, explaining 75.89% of the original variability (100%). The Kaiser-Meyer-Olkin (KMO) test indicates whether the factorial model is appropriate or not, obtaining a high value of $KMO=0.842 > 0.600$. Bartlett's test of sphericity contrasted with the existence of a significant correlation between the variables $c^2=2885.848$, $p < 0.01$ with a critical level (significance) of 0.000.

Table 4. Results analysis by sector, size, and age.

Indicator	CG	S&NE	CU	PMO	SUP	COMP
CG8	.844					
CG9	.831					
CG10	.805					
CG11	.817					
CG12	.680					
CG13	.762					
CG14	.658					
CG15	.714					
CG16	.698					
CG17	.625					
CG19	.619					
CG20	.652					
CG21	.719					
CG22	.665					
CG23	.706					
CU1			.707			
CU4			.799			
CU5			.849			
CU6			.622			
SUP1					.654	
SUP2					.661	
SUP3					.736	
SUP4					.830	
PMO 3				.750		
PMO 6				.805		
PMO 7				.842		
PMO 8				.797		
PMO 9				.705		
SE4		.750				
SE5		.690				
NE1		.643				
NE2		.701				
NE3		.724				
NE5		.792				
NE6		.636				
NE7		.645				
NE8		.716				
COMP2						.807
COMP3						.856
COMP4						.749

Extraction method: principal component analysis.

Rotation method: Varimax with Kaiser normalization.

The rotation has converged in 8 iterations.

Source: Self-made.

The reliability analysis of the CSRFSME scale, of the original scale of eight variables with 76 items, is $\alpha=0.985$, and the current scale with six variables with 40 items is $\alpha=0.974$, exceeding the value of 0.700 (recommended by Carrasco-Venturelli et al., 2024; Nunnally & Bernstein, 2005).

The AFE allowed the obtaining of a more robust scale of six variables, that exceed the reliability of $\alpha=0.832$, where corporate governance has the highest value $\alpha=0.974$ and the lowest reliability is competitors $\alpha=0.833$ (see Table 5).

Table 5. Cronbach's alpha for the initial scale.

Variables	Cronbach Alpha	Num. of elements	Variables	Cronbach Alpha	Num. of elements
1 Corporate governance	0.974	23	1 Corporate governance	0.974	15
2 Customers	0.907	10	2 Customers	0.862	4
3 Suppliers	0.898	4	3 Suppliers	0.898	4
4 People who make up the organization	0.937	15	4 People who make up the organization	0.908	5
5 Social environment	0.896	5	5 Natural and social environment	0.956	9
6 Natural environment	0.949	8	6 Competition	0.833	3
7 Investors	0.785	3			
8 Competition	0.842	6			
9 Public administrations	0.389	2			
Total instruments	0.985	76	Total instruments	0.974	40

Source: Self-made.

With the results obtained, the CSRFME model proposed by the method OLS, expressed by the following equation under the assumption that company age influences, in addition to the vari-

ables, corporate governance, customers, suppliers, people who make up the organization, social and natural environmental and competition:

$$CSRFME_i = \beta_0 + \beta_1 CG_i + \beta_2 CU_i + \beta_3 SUP_i + \beta_4 PMO_i + \beta_5 S\&NE_i + \beta_6 COMP_i + \beta_7 AGE_i + \beta_2 CU_i + \varepsilon_i \quad (1)$$

CSRFME_i= Corporate social responsibility in family SMEs, CG_i= Corporate governance, CU_i= Customers, SUP_i= Suppliers, PMO_i= People who make up the organization, S&NE_i= Social and natural environment, COM_i= Competition, AGE_i= Company age

Once the variables to be analyzed in this research have been established, a descriptive analysis of the factors influencing the social responsibility of FBs, as outlined in the SGE21 standard, is carried out. Observing Table 6, it is evident that, in general, all variables exhibit a medium degree of

implementation across their indicators. Customers have the highest average score $\bar{X}=3.7277$, denoting the importance given to responsibility to their customers. They were followed by the people who make up the organization ($\bar{X}= 3.6749$), the lowest variable being the social and natural environmental setting ($\bar{X}= 3.2327$).

Table 6. Descriptive statistics of independent variables.

	N	Mean	Std. Dev.
Corporate governance	65	3.2476	1.09843
Customers	65	3.7277	0.86250
Suppliers	65	3.4500	1.09080
People who make up the organization	65	3.6749	0.86486
Natural and social environment	65	3.2327	1.21451
Competition	65	3.4385	1.05227

Source: Self-made.

Concerning the association between the SR variables, in Table 7 it is observed that all the factors are positively and significantly associated with the CSRFSME at levels of $p < 0.01$, with corporate

governance ($r = .838$) being the most associated with CSRFSME, followed by social and natural environment ($r = .745$), with the least associated being competition ($r = .455$).

Table 7. Correlation matrix.

	CSRFSME	CG	CU	SUP	PMO	S&NE	COMP	AGE
CSRFSME	1							
CG	.838**	1						
CU	.632**	.797**	1					
SUP	.589**	.654**	.750**	1				
PMO	.615**	.806**	.810**	.636**	1			
E&NE	.745**	.851**	.640**	.524**	.787**	1		
COMP	.455**	.568**	.496**	.501**	.470**	.578**	1	
AGE	.038	-.093	-.032	-.076	-.130	-.119	.002	1

** The correlation is significant at the 0.01 level (bilateral).

Source: Self-made.

Consequently, we carried out a linear regression using the Linear Regression Model (OLS). The results indicate that the predicted variables are corporate governance, customers, suppliers, people who make up the organization, social and natural environment, competition, and company age. To ensure the model's statistical acceptability, a comprehensive battery of tests was performed. The goodness-of-fit test of the model was applied, which explains the variance with an $R^2 = 0.723$, $F = 96.610$ significant ($\text{Prob} > F = 0.000$), making it possible to establish that the predictor variables proposed in the model are relevant to explain the CSRFSME.

Reviewing the regression coefficients, it is observed that corporate governance (0.978) is the variable that triggers the most excellent direct and statistically significant relationship with the variable of social responsibility of FBs, revealing the importance for FBs to attend to the indicators proposed by the SGE21 standard, at a significance level of 1%. The suppliers (0.234), people who make up the organization (-0.384), the social and natural environment (0.301), and their company age (0.370) are also significant at 5%. Exploring if the distribution of the residuals was normal and converged in probability to the real coefficients (Greene, 2018; Gujarati & Porter, 2010), the Kolmogorov-Smirnov and Shapiro-Wilk normality tests were used, suggested for samples of more than 50 observations, where the value

of the probability is more significant than 0.05 (Kolmogorov, 1933; Pérez & López, 2019; Yüzbaşı & Ahmed, 2020), indicating that the contrast distribution of the general model is normal ($KS = 0.660$), with a probability of $\text{Prob} > Z = 0.200$ (see Table 8). The model does not present autocorrelation problems between the errors, as indicated by the Durbin-Watson Test (1.809), with a significance level of 0.001. The result is close to 2, which indicates that the residues are independent (De la Fuente, 2011; Ríos-Manríquez et al., 2021).

Subsequently, it was analyzed that the model did not have heteroscedasticity problems when subjected to the Breusch-Pagan test (Breusch & Pagan, 1980; Pérez & López, 2019; Yüzbaşı & Ahmed, 2020). Further, the CSRFSME model does not present heteroscedasticity problems (15.69), with a probability of $\text{Prob} > \chi^2 = 0.294$, that is, the data are homoscedastic.

Another relevant aspect is to verify that the proposed model does not omit predictor variables, for which the Ramsey test was used (15.69, with significance $\text{Prob} > F = 0.064$). Results indicate that the CSRFSME model does not require incorporating predictor variables. Finally, the model does not present multicollinearity problems (see Table 8), as ruled out by the VIF tests which indicate that the values are less than ten, and TOL is close to 1 (Gujarati & Porter, 2010; Pérez & López, 2019; Yüzbaşı & Ahmed, 2020).

Table 8. CSRFsME Model

	CSRFsME Model	Collinearity Tolerance (TOL)	Statistics Variance Inflation Factor (VIF)
Corporate governance	0.978***	.165	6.047
Customers	-0.117	.204	4.913
Suppliers	0.234**	.408	2.451
People who make up the organization	-0.384**	.214	4.677
Social and natural environment	0.301**	.203	4.932
Competition	-0.134	.594	1.685
Company Age	0.370**	.956	1.046
Constant ¹	-0.316		
R ² adjusted	0.723		
F	24.922		
Prob > F	0.000		
Kolmogorov-Smirnov	0.66		
Prob > Z	0.200		
Breusch-Pagan	1.64		
Prob > c2	0.200		
Ramsey Test	0.051		
Prob > F	0.984		
Durbin-Watson	1.809***		
Observations	65		

Source: Self-made.

Asterisks denote significance levels of 5 (**) and 1% (***), respectively.

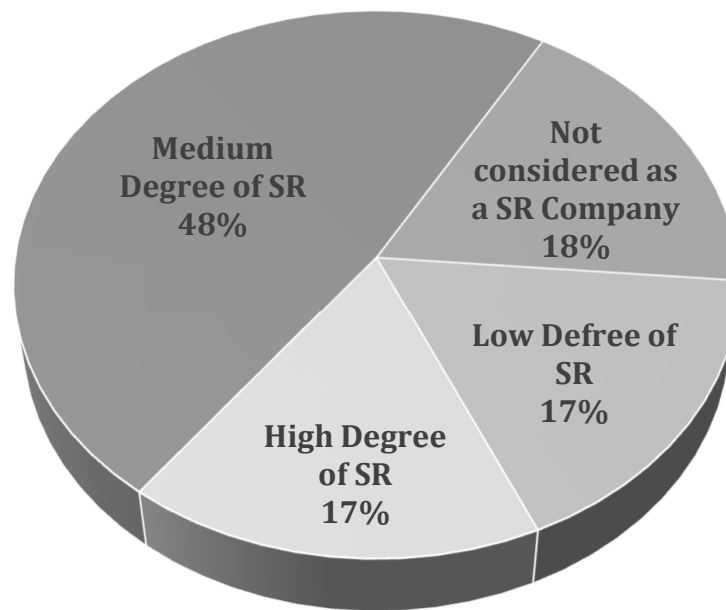
With the results obtained, it is established that statistically, the model does not need to incor-

porate more variables since all tests were accepted. Thus, the model presented in Equation 2 is validated:

$$CSRFsME_i = -0.316 + 0.978CG_i - 0.117CU_i + 0.234SUP_i - 0.384PMO_i + 0.301S\&NE_i - 0.134COMP_i + 3.370AGE_i$$

Finally, the degree of social responsibility of family SMEs is also analyzed from the entrepreneurs' perception. Figure 1 shows that 48% of entrepreneurs consider having an intermediate degree of

SR, and only 17% of FBs perceive having a high degree of social responsibility. The same percentage considers that they have a low degree of SR, while 18% regard their company as not socially responsible.

Figure 1. Degree of social responsibility (SR) of family SMEs

5. Discussion

This research addresses the responsibility of family SMEs based on the SGE21 standard, as examined in various research studies such as Carrillo et al. (2023), Torres et al. (2023), Ríos-Manríquez & Sánchez (2020), Ríos-Manríquez et al. (2021), and Ríos-Manríquez et al. (2023). Responding to the objectives of this research, through the hypotheses and partially accepting Hypotheses H₁, Corporate governance, customers, suppliers, the people who make up the organization, the social environment, the natural environment, investors, competitors, and public administrations influence the CSRFSME. This is due to the CSRFSME model being determined by six variables, given that the EFA analysis eliminated the investors and public administration variables. Besides combining a single variable, the social and natural environment, contrary to other studies of the SGE21 standard in medium-sized companies in Mexico (Ríos-Manríquez et al., 2023) and MSMEs (Ríos-Manríquez & Sánchez, 2020) that for them it is relevant to treat each variable separately, according to what is established in the SGE21 standard.

In relation to the variable investors, it coincides with other studies of the SGE21 standard in medium-sized companies in Mexico (Ríos-Manríquez & Sánchez, 2020). However, the study of MSMEs in Mexico based on the adoption of the SGE21 standard, established that investors are a significant variable, with a 90% confidence level. Family firms aim to keep the business within the family or transfer it to the next generation (Kechli, 2023; Thorben, 2023), including women's succe-

sion in family firms (Boukhabza & Ouhadi, 2024). Nevertheless, it is essential to explore this issue further, as the investor variable is not considered for Mexican companies on their way to becoming socially responsible.

The estimators associated with the dependent variable CSRFSME, being statistically significant at a 99% confidence level, are corporate governance, followed by suppliers, people who make up the organization, and social and natural environment with statistical significance of 95% confidence. Therefore, these variables are relevant to explain the dependent variable CSRFSME.

Corporate governance is the variable with the strongest direct relationship with CSRFSME. This variable is fundamental for FBs because it supports long-term stability and a good stakeholder relationship (Arteaga & Basco, 2023). It reveals the importance for FBs to meet the indicators proposed in the CG by the SGE21 standard and is also crucial in achieving CSR. This aligns with existing literature, indicating a direct correlation between effective governance and social responsibility (Manzano-García, 2023; Ríos-Manríquez et al., 2023; Thorben, 2023). Moreover, the impact of corporate governance on CSR is evident (Carrillo et al., 2023; Endo, 2020; Manzano-García, 2023; Ríos-Manríquez et al., 2023; Torres et al., 2023; Thorben, 2023), in the direct relationship between family governance and SR, as was established by Aragon & Iturrioz-Landart (2020).

The relevance of the variables corporate governance, suppliers, people who make up the organization, and social and natural environment is partially aligned with studies focused on MSMEs

in Mexico, and various types of companies, identifying a significant relationship between stakeholders and top management (Ríos-Manríquez et al., 2023; Torres et al., 2023).

Specifically, this research highlights the significant link between FBs and the variable related to employees, who are the most attended stakeholder group (Thorben, 2023). This is due to the importance and concern that family SMEs place on their workforce (Aragon & Iturrioz-Landart, 2020; Brenes-Cardenas, 2024; Martín & Aroca, 2016), particularly regarding job inclusion, stability, and staff satisfaction (Aragon and Iturrioz-Landart, 2020; Brenes-Cardenas, 2024), among other factors. In relation to the social and environmental surroundings for the FBs, in this study, they are the relevant variables on their path to social responsibility. As such, it is important to seek a balance between economic objectives and social and environmental variables, committed to the impact caused by their economic activity on society and the environment (Cervantes et al., 2023).

Another relevant result is that the proposed CS-RFSME model does not omit predictor variables, nor requires adding more independent variables, according to the Ramsey test. However, it is important to note that customers and competition are not significant variables for the CS-RFSME model, from the perspective of family business owners. This is contrary to studies where customers and competition are significant variables in the CSR model in medium-sized companies, ethical management and SR committee of the SGE21 Standard (Ríos-Manríquez et al., 2023), and study of Chinese and French FBs with high levels of CSR development with external stakeholders (Ye & Li, 2020). These variables should also bear weight on the responsible behavior of FBs and satisfying customer needs (Aragon & Iturrioz-Landart, 2020). Another aspect is that FBs do not support or serve the needs of the companies they consider competitors (Solarte et al., 2020). This motivates us to investigate in a future line of research why competition is not significant for FBs in Mexico.

This research supports the acceptance of hypothesis H₂. Company age positively influences the social responsibility of SME. The results show that the independent seniority variable influences the CSR-dependent variable. The findings in this study align with other studies on the relationship between seniority and being socially responsible (Kaimal & Uzma, 2024; García-Valenzuela et al., 2021; Stüber & Jarchow, 2023). In this regard, the research contributes to the literature on the importance of seniority in CSR, based on the SGE21 standard in FBs. The literature establishes the relevance of seniority in relation to the

absorptive capacity of the entrepreneur (García-Valenzuela et al., 2021) and from the CSR perspective, the link between CSR and the intention of successors in family SMEs (Stüber & Jarchow, 2023).

Hypothesis H3 is partially accepted: ‘SME family businesses have a high level of social responsibility’ since only 17% of FBs perceive they have a high degree of SR. These results are consistent with studies on the degree of social responsibility (Rueda & Rueda, 2019; Cardona et al., 2024) and research examining the influence of CSR on the business activities of SMEs (Ollinyk et al., 2023). The research also highlights the significant link between FBs and the variables related to employees, as well as the social and environmental context. These findings are consistent with various studies in the literature (Ríos-Manríquez et al., 2023; Thorben, 2023; Martínez-Ferrero et al., 2017). Additionally, the impact of corporate governance on CSR is evident (Carrillo et al., 2023; Endo, 2020; Manzano-García, 2023; Martínez-Ferrero et al., 2017; Ríos-Manríquez et al., 2023; Torres et al., 2023). Furthermore, the importance and concern that family SMEs place on their staff, who are integral to the organization, is well documented (Martín & Aroca, 2016).

6. Conclusions, Future Research, and Limitations

The primary contribution of this article lies in its practical implications and social impact, which stem from its focus on the influence of the SGE21 standard factors in Latin American family SMEs and their level of adoption.

The study's key findings are as follows: Nearly half of FBs in Mexico exhibit an intermediate level of adoption of the indicators established by the SGE21 standard, despite lacking awareness of it. This underscores the potential for further research in these areas, aiming to enhance the level of social responsibility demonstrated by these businesses and highlight the adaptability of the SGE21 standard for adoption by Mexican FBs. The CS-RFSME model, which has been statistically validated, does not require the incorporation of additional predictor variables. The analysis identified corporate governance as the most significant predictor, aligning with a fundamental characteristic of FBs: ownership and governance (Manzano-García, 2023).

The SGE21 standard, a foundational framework for social responsibility, has yielded significant insights for companies. These results suggest several practical considerations for businesses when developing their social responsibility strategies. First, businesses should implement training programs to raise awareness among employees re-

garding the SGE21 standard. It is crucial for employees to understand the benefits of the SGE21 standard and how effectively to apply it. Second, businesses should encourage continuous improvement by regularly reviewing and updating social responsibility practices in line with the SGE21 standard, ensuring relevance and effectiveness. Moreover, businesses must prioritize the needs and well-being of customers and employees, recognizing their pivotal role in the success and sustainability of the business.

In summary, the primary contribution of this research to the academic and business community is to demonstrate the relevance of social responsibility in FBs. It shows that even without prior knowledge of the variables and indicators established by the SGE21 standard, these businesses adhere to these indicators due to their commitment to being socially responsible. Another contribution is to address the SGE21 standard and demonstrate its flexibility for adoption by Mexican FBs, presenting an opportunity for those companies that seek to enhance their CSR practices. However, as with all research, this study is not without its limitations. One such limitation is the limited scope of the sample. Another limitation is the difficulty in Mexico to establish the structure of FBs, as no formal organizations provide definition for family business. Consequently, future research should consider the following directions: identifying and classifying FBs in Mexico using robust and standardized methodologies as Casillas et al. (2024) proposed in Spain, evaluating the implementation and effectiveness of the SGE21 and ISO 26000 standards in FBs striving for socially responsible behavior, analyzing of the barriers faced by FBs in adopting social responsibility practices, studying CSR by sector, and conducting comparative studies between Mexican FBs and those of other Latin American countries.

Author Contribution Statement

The author conducted the entire study independently.

Conflict of Interest Statement

The author declares no conflicts of interest.

Ethical Statement

The authors confirm that informed consent was obtained from all participants. The authors confirm that data collection was conducted anonymously, ensuring no possibility of identifying the participants.

Declaration on the Use of Generative AI in the Writing Process

The author confirms that no AI tools were used in the preparation of this manuscript.

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Crafting a New Instrument: Development and Validation of the Family Collective Psychological Ownership Scale

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KEYWORDS
Family firm, Family collective psychological ownership, Family firm identification, Family firm interdependence.

Abstract This study presents the development and validation of the Family Collective Psychological Ownership Scale (FCPO-S), an innovative instrument designed to measure the shared sense of ownership that family members feel toward their business. This scale captures two critical dimensions: family firm identification and interdependence, which reflect the emotional and strategic connections of family members to the enterprise. By focusing on these socioemotional aspects, the FCPO-S underscores the unique dynamics of family firms, where collective commitment and emotional ties can serve as significant competitive advantages. This scale constitutes a valuable contribution to business research, providing significant practical implications for understanding and managing the socioemotional dynamics of family firms.

CÓDIGO JEL
M19, M2, C19

PALABRAS CLAVE
Empresa Familiar, Propiedad psicológica colectiva familiar, Identificación de la empresa familiar, Interdependencia de la empresa familiar.

Elaboración de un nuevo instrumento: desarrollo y validación de la escala de propiedad psicológica familiar colectiva

Resumen Este estudio presenta el desarrollo y validación de la Escala de Propiedad Psicológica Familiar Colectiva (FCPO-S), un instrumento innovador diseñado para medir el sentido compartido de propiedad que los miembros de la familia sienten hacia su negocio. Esta escala capta dos dimensiones críticas: la identificación de la empresa familiar y la interdependencia, las cuales reflejan las conexiones emocionales y estratégicas de los miembros de la familia con la empresa. Al centrarse en estos aspectos socioemocionales, el FCPO-S subraya la dinámica única de las empresas familiares, donde el compromiso colectivo y los lazos afectivos pueden servir como ventajas competitivas significativas. Esta escala constituye una valiosa contribución a la investigación empresarial, proporcionando importantes implicaciones prácticas para la comprensión y gestión de las dinámicas socioemocionales de las empresas familiares.

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1. Introduction

Collective psychological ownership (CPO) refers to “people’s perception that an object, place, or idea belongs to their own group” (Storz et al., 2020, p. 404). Groups can develop a sense of ownership over objects, places, and ideas, even without legal claims (Verkuyten & Martinovic, 2017). Widespread feelings of ownership and collective ownership are commonly manifested in various actions and expressions aimed at various objectives in our lives and in diverse societies (Pierce & Jussila, 2010). Research around CPO has gained increasing recognition due to its implications in work and organizational settings (Dawkins et al. 2017; Pierce & Jussila 2011; Pierce, Kostova, & Dirks 2003). However, the conceptualisation of the CPO remains in its initial stages. Pierce and Jussila (2010) and Pierce, Jussila, and Li (2018) defined CPO as a collective sense or feeling among peers that the ownership goal is shared by the entire group. This suggests that group context is a crucial factor in CPO formation. In other words, individuals must identify with and share a group mentality to maintain a collective sense of ownership of the group.

CPO is important in family firm studies because it captures the unique, collective dimensions of psychological ownership present within these businesses, which are significantly influenced by family ties. Rantanen & Jussila (2011) provide a theoretical explanation of the primary qualities and motivations associated with collective psychological ownership in family firms, which they refer to as FCPO. The concept of FCPO emerged within the context of the family as a construct that “comprehensively captures the fusion between family and business and reflects the realized family influence on and in interaction with the business” (Rantanen & Jussila, 2011, p. 139). Thus, the FCPO reflects the collective possessive sense or feeling among family members that a particular business is an extension of the family and belongs to them. The FCPO is a significant factor (for example, Astrachan, 2010; Astrachan, 2009) and harbours the collective feelings of possession towards the firm. However, empirical evidence supporting the measurement of this construct in the context of family enterprises remains elusive. Instead, theoretical guidelines have been proposed to highlight the need for further research in this area (Heino et al., 2019; Henssen & Koironen, 2021; Martinović & Verkuyten, 2024). The development of a valid measure will facilitate empirical studies to enhance our understanding of these key constructs in family firms. Although some proposals have been made to measure CPO (Pierce & Jussila, 2011), they are not specifically tied to

the context of family firms and thus miss important elements. Existing CPO measures omit the emotional and affective dynamics that are specific to family firms. Additionally, we emphasise that traditional CPO scales do not fully capture the unique collective dimensions of psychological ownership present within family businesses. This study aims to fill this gap and address the need for a measuring instrument for FCPO as proposed by Henssen & Koironen (2021) and Rantanen & Jussila (2011).

Traditional CPO scales may not adequately measure the social, affective, and even economic facets that are central to understanding family firms’ governance and decision-making (Basly & Saunier, 2020a; Cano-Rubio et al., 2021; Gómez-Mejía et al., 2007) and that stem from the collective nature of ownership within family firms. This is because a shared sense of ownership and the family’s collective identification with the business are fundamental to understanding the dynamics of family firms (Bettinelli et al., 2022; Zellweger et al., 2010). Furthermore, the very nature of family firms means that decisions and management processes are often imbued with the family’s emotional and socio-affective dynamics (Basly & Saunier, 2020b; Björnberg & Nicholson, 2012; Gómez-Mejía et al., 2011; Hernández-Linares et al., 2017; Pozzi et al., 2024), making the understanding of FCPO within this context crucial for comprehending how these emotional and affective sensations towards the family business may influence its management and succession processes (Corona, 2021; Makó et al., 2018; Murphy et al., 2019). Critical elements such as the sense of shared destiny, the necessity for intergenerational familial care, and the emotions of affection, pride, and fondness that predominantly arise from the intersection of familial and commercial domains are absent from current CPO or FCPO scales. Moreover, traditional scales measuring CPO are based on work-related aspects of co-workers or work teams, which fall short of measuring the family affective relationship between family members (Pozzi et al., 2024). The following text demonstrates the sense of collective ownership in certain statements, such as “We (my team members and I) collectively feel that this job belongs to us together” (Pierce et al., 2018) and “My colleagues feel like they are co-owners of the organization” (Su & Ng, 2019). However, in the context of a family business, this sense of collective ownership becomes interchangeable with merging the two systems. This is why statements such as “We feel that the family firm in which we work is ours” are more appropriate for measuring the collective sense of ownership among family members. It is important to note that this proposition is especially

relevant when measuring the collective sense of ownership in a family business. Consequently, the research question guiding our investigation is as follows: *How can Family Collective Psychological Ownership (FCPO) be effectively measured in family firms?*

Thus, the primary objective of this study is to create and validate the Family Collective Psychological Ownership Scale (FCPO-S), which aims to assess collective psychological ownership within family firms. This scale seeks to provide a comprehensive understanding of the collective feelings of ownership that family members experience towards their family business. By doing so, this study aims to make a significant contribution to the literature on family firms by providing a robust instrument for capturing the unique dynamics of psychological ownership within these businesses. The scale focuses on two main dimensions: *family firm identification*, which relates to the emotional connection of family members to the business, and *family firm interdependence*, which emphasises the long-term perspective and vision of the family for the business and the collaboration of family members as a team. This scale serves as a valuable resource for both scholars and practitioners, as it facilitates an evaluation of the extent and consequences of psychological ownership shared by family members towards their business.

This article comprises a review of prior literature, the process of constructing and validating the scale, and ultimately the contributions, conclusions, limitations, and prospective research directions.

2. Theoretical Background

2.1. Collective psychological ownership

The concept of ownership is rooted in the psychology of possession (Rochat, 2014). The study of possessions is an interdisciplinary field encompassing psychology, sociology, anthropology, and consumer behaviour (Belk, 1988; Sherry, 1993). This concept develops early in life and may have an evolutionary origin (Nijs et al., 2021). As early as two years old, children assert their possession of objects by saying “mine!” The perception of these objects shifts from being inherently inalienable to potentially negotiable in reciprocal exchanges (Rochat, 2011). Studies have revealed that children understand psychological ownership. Research has demonstrated that, like adults (Kirk et al., 2018), children can infer ownership, both legal and psychological, by observing the actions of others. Additionally, research indicates that children begin to develop a sense of “we” around age five (Sani & Bennett, 2003), and own-

ership considerations can influence their actions towards objects in the future (for example Davoodi et al., 2020; Kanngiesser et al., 2020).

Drawing from the field of social psychology, which examines how individual or group behaviour is shaped by the presence and behaviour of others (Myers & Twenge, 2019), the theory of self-categorisation emerged. This theory complements social identity theory, which aims to explain the cognitive processes and social conditions that underlie intergroup behaviours (Hogg, 2016; Turner & Oakes, 1986). The theory of self-categorisation explains when a person perceives a group of people, including themselves, as a collective entity and the consequences of viewing people in group terms (Reynolds et al., 2003). Drawing from cognitive psychology (Turner et al., 1987), self-categorisation theory posits that individuals can be classified at various levels of abstraction, as either a singular “me” (personal identity) or a more inclusive “we” (social identity). When individuals are categorised as part of a group, they view themselves and others within that group as being identical and interchangeable (Turner & Oakes, 1986). The transition from a personal self to a group self involves a shift in terms and concerns related to the self, including a change from personal self-esteem to collective self-esteem, personal efficacy to collective efficacy, personal responsibility to collective responsibility, personal interests to collective interests, and personal ownership to collective ownership (Nijs et al. 2021). Our sense of self is intrinsically tied to the groups we belong to and vice versa. The self-categorisation theory suggests a process of depersonalisation, which involves redefining the self from a personal identity perspective (“I”) to a group identity perspective (“we”) (Verkuyten & Martinovic, 2017). Collective ownership perceptions can arise in various contexts, such as within organisations, neighbourhoods, and entire nations (Storz et al., 2020). These perceptions can impact one’s attitudes towards their in-group (Pierce & Jussila, 2010) and how they relate to other groups (Verkuyten & Martinovic, 2017). The transition from the individual to the collective is believed to occur when the individual is present in the objects of possession (people, objects) and becomes an extension of the self. Furthermore, individuals recognise that they are not only psychologically linked to the object but also to others, and that the interactive dynamics with other team members reinforce these feelings of possession (Kozłowski & Klein, 2000). When the shift from the individual to the collective consolidates into a mutual and shared feeling for the object of possession, it is called CPO. Collective ownership has been used to predict motivations, attitudes, and behaviours at the group level and

has both positive and negative effects at the individual and group levels (Pierce & Jussila, 2010). Pierce & Jussila (2010) argued that team members in an organisation may perceive that their team has collective ownership of their work, workspace, and results of their work. They may prevail over personal feelings because of the influence of the group through cognitive processes involving the acquisition, storage, transmission, manipulation, and use of information (Kozłowski & Klein, 2000; Su & Ng, 2019). The construct of CPO is “constituted as a reflection of the psychology of “us” and “our”, which emerges through interactive dynamics through which individuals arrive at a single, shared mindset that refers to the feeling of ownership over a particular ob-

ject” (Pierce & Jussila, 2010, p. 810). The development of shared feelings of ownership relies on a collective acknowledgement of joint efforts towards the potential object of ownership. Everyone within the group must view activities and their results as a product of their own contributions, in conjunction with the input and efforts of their interdependent collaborators (Pierce & Jussila, 2010). This collective recognition is essential for the formation of a sense of shared ownership among group members. Table 1 provides an overview of the main definitions of CPO in the organisational context and introduces the next section, where the FCPO concept is developed in more detail.

Table 1. Definition of the construct of CPO

Organization’s field		
Author	Year	Definition of CPO
Pierce and Jussila	2010	Collective psychological ownership (CPO) is a collectively held sense or feeling of ownership for a particular object, idea, or entity
Su and Ng	2019	CPO refers to the sense shared by group mates that they jointly own their organization.
Verkuyten and Martinovic	2017	CPO is a state of mind whereby groups can experience objects, places, and ideas as belonging to them ('ours'), even without legal ownership.
Wang et al.	2023	Collective psychological ownership of nature is defined as individuals' perception of their group's feeling that 'nature is ours
Martinović and Verkuyten,	2024	CPO implies a sense of group-based responsibility and can stimulate civic involvement and stewardship behaviours.
Family firm’s field		
Rantanen and Jussila	2011	F-CPO (Family Collective Psychological Ownership) refers to the shared sense of ownership among family members towards the family business

2.2. Family collective psychological ownership
This segment aims to elucidate the concept within the context of family firms and their constituent components. It is necessary to understand that the concept of CPO is different in the non-family organisational context than in the family context. This distinction is crucial to understanding how the CPO operates differently in family

businesses, influencing unique aspects such as intergenerational succession, preservation of the family legacy, and the blending of family and business dynamics. In the family context, the CPO not only affects the organization as a business entity, but also the family as a social and emotional unit aso it can see in the Table 2.

Table 2. Differences between CPO and FCPO

Characteristics	CPO	FCPO
Involved members	Refers to employees and managers who do not necessarily have family ties.	Refers specifically to family members who are involved in the company.
Organizational dynamics	Organizational dynamics are based more on professional relationships and formal corporate structures.	Organizational dynamics are strongly influenced by family relationships, shared history, and family values.
Long term perspective	Focuses more on professional development and career progression of individuals.	FCPO may influence succession processes, which are crucial characteristic of family businesses.
Identity	It is more related to corporate and professional identity.	It is closely linked to family identity and the perception of the company as an extension of the family.
Emotions	Although there may be strong emotional attachment, it is generally less intense than in family businesses.	It involves a more intense emotional burden due to family ties.

The conceptual foundation of this study is based on the framework postulated by [Rantanen and Jussila \(2011\)](#), which informed the development of the scale elaborated in subsequent sections. Family Collective Psychological Ownership (FCPO) is defined as the collective sense of possession held by the owning family towards the business, indicating realised family influence on the business ([Rantanen & Jussila, 2011](#)). These authors emphasised that FCPO emerges from collective control over the business, interdependent investment in the business, and intersubjective familiarisation with the business. Family members must recognise their participation in collective action as part of the family entity, which holds psychological significance for them. Thus, FCPO encompasses a broader range of interactions beyond individual cognition and affect, highlighting the family's collective feelings, knowledge, and beliefs about the business ([Rantanen & Jussila, 2011](#)).

According to [Rantanen and Jussila \(2011\)](#), the concept of FCPO can be used to measure and understand the fusion between family and business values in family businesses by capturing the collective sense of possession held by the family towards the business. This sense of ownership transcends individual cognition and affect, reflecting a socially constructed structure that embodies shared feelings, knowledge, and beliefs about the business itself. The FCPO construct enables the analysis of how family members collectively acquire, store, transmit, manipulate, and use information about the business, as well as how they transfer affective states, such as through face-to-face meetings. This collective memory and intimate knowledge of the business, developed through intersubjective familiarisation, creates the essence of the family business, indicating the extent to which the family has

collectively arrived at a shared understanding of the business. Therefore, FCPO serves as a key defining construct of family businesses, offering a means to measure the 'fusion' between family and business that is fundamental to understanding the unique dynamics of family businesses.

Rendering to [Rantanen and Jussila \(2011\)](#), the four dimensions necessary for psychological ownership in family firms are: A. *Efficacy and effectiveness*: Individuals need a sense of possession to experience efficacy and control of their behavior's causes and consequences. B. *Self-identity*: Arises from the need to self-determine and maintain a lasting sense of self, related to possessions defining the individual. C. *Home*: Reflects the need to belong to a space, strengthening self-identity, and sense of ownership. D. *Stimulation*: Related to the need for emotional or behavioral activation, which can strengthen psychological ownership. CPO is a dynamic process of interaction between individuals and companies.

Using FCPO rather than CPO to refer to family businesses is more appropriate because FCPO is a family centric specification of CPO, specifically tailored to capture the unique dynamics of family businesses ([Heino et al. 2019](#)). This specification acknowledges the central role of the family in the business, which is a distinctive aspect of family business research and practice, and the socioemotional components to differentiate non-family firms ([Bubolz 2001](#); [Gómez-Mejía et al. 2011](#)).

The application of CPO to the family business context through FCPO underscores the importance of the family's collective identity and its influence on the business, which is not adequately captured by the more general construct of CPO.

2.3. Measuring CPO in family firms: a road ahead

According to our previous review, there were no scales measuring this construct until 2017. In the organizational context, [Pierce et al. \(2018\)](#) proposed a scale to measure CPO (see [Annex 1](#)). It was developed through a rigorous process that began with the adaptation of existing measures of Individual Psychological Ownership (IPO) to reflect collective ownership at the team level. This process was guided by the theoretical work of [Pierce and Jussila \(2010\)](#) on CPO and involved a qualitative study with a panel of judges to generate a set of items specifically designed to measure CPO. The panel helped ensure that the items were homogeneous and valid for capturing the essence of CPO, focusing on the collective sense of “ours” rather than the individual sense of “mine”. According to [Pierce et al. \(2018\)](#), the development of the CPO instrument involved several steps to ensure its construct validity, including qualitative and quantitative phases. The qualitative phase involved a panel of judges who assessed the items for content validity, with a high rate of correct identification of CPO items, suggesting good content validity and discriminant validity. The quantitative phase involved item purification and assembling evidence to support the instrument’s construct validity through a series of field studies.

Similarly, [Su & Ng \(2019\)](#) developed a scale to measure CPO in an organizational context (see also [Annex 1](#)). It is based on a bifactor analysis structure, including one general factor, shared possessiveness, and two specific factors: shared decision-making and shared hardship endurance. The scale was designed to capture the shared sense among co-workers that they jointly own the organisation, focusing on shared possessiveness toward the organisation, involvement in decision-making, and enduring hardships together. The scale demonstrated satisfactory internal consistency, and both convergent and divergent validity were supported by correlations with validation scales in the expected directions, indicating good preliminary psychometric properties.

However, CPO scales are insufficient to measure CPO in family firms because they do not fully capture the unique, collective dimensions of psychological ownership present within family businesses and the feelings resulting from family ties ([Cailluet et al., 2018](#); [Treviño-Rodríguez & Bontis, 2010](#)). The concept of FCPO specifically addresses the collective feelings, knowledge, and beliefs about the business held by the family, which traditional CPO scales may not measure adequately. The FCPO emphasises the shared sense of ownership and collective identity of the family in relation to the business, aspects that

are fundamental to understanding the dynamics of family firms but are not explicitly targeted by general CPO scales. Therefore, to accurately assess the fusion between family and business values in family businesses, it is necessary to use measures such as the FCPO, which are designed to reflect the collective nature of ownership within these firms.

In this way, and as largely acknowledged by the literature on family firms, these companies often exhibit strong senses of identity and ownership not just among family members but potentially among non-family employees as well, due to the unique culture and values that these firms may foster ([Pierce & Jussila, 2010](#); [Sánchez-Marín et al., 2016](#); [Soler et al., 2017](#)). The sense of “ours” that CPO captures can be crucial for understanding the dynamics within family businesses, where the overlap between family and business systems can intensify feelings of ownership and belonging ([Pierce et al., 2003](#)). In the case of family firms, the business satisfies the need for home or shelter, stimulation, entertainment, and social identity. Together, these motivations explain the motives and non-economic goals of family businesses ([Pierce & Jussila, 2010](#); [Sánchez-Marín et al., 2016](#)).

To create the FCPO concept, [Rantanen & Jussila \(2011\)](#) based their proposal on the F-PEC scale because, despite its widespread use and significant contributions to measuring family influence in businesses, it primarily measures only the potential for family influence rather than the actual realized influence. The F-PEC scale offers descriptive and formal measures that indicate how a family might affect the business but falls short of capturing the extent to which this potential influence is realised within the business operations. The F-PEC is closer to measuring actual influence by capturing attitudes or intentions and does not fully measure realised influence. The F-PEC scale ([Astrachan et al., 2002](#)) was developed to solve the dilemma of defining a family firm by measuring family influence through three subscales: power, experience, and culture. The power subscale F-PEC involves aspects such as the percentage of family participation, governance structure (percentage of family members on the board), and management structure (percentage of family members actively participating in the firm’s management team). The F-PEC experience subscale includes information on business succession (ownership generation, generation active in management, and generation active on the governing board) and the number of family members actively contributing to the firm. Finally, the F-PEC culture subscale considers the overlap between family and business values, as well as the entrepreneurial family’s commitment to the firm

(Astrachan et al., 2002; Klein et al., 2005; Rau et al., 2019).

Suppose CPO is mismanaged or not managed at all, it can subsequently have adverse effects on the management of the family firm and its results due to the emotional distancing that would generate less interest in the company's affairs, leading to family problems (Vandekerckhof et al., 2022). Among the conflicts caused by inadequate management of FCPO are the processes inherent to succession, as they are derived from decision-making which, on many occasions, is collective and not exempt from the emotional and socio-affective nature of the family (Vazquez & Campopiano, 2023).

However, regarding the measurement of FCPO, we did not find evidence of an instrument that measures this construct. Given the socioemotional nature of family firms, we consider it relevant to create a robust instrument that captures the implications of CPO in family firms.

3. Method

Considering all the factors mentioned above, we created and validated a scale, the FCPO-S. To develop this scale, a quantitative, descriptive, and instrumental type of research was conducted (Hernández-Sampieri et al., 2014) to determine the psychometric properties of the instrument in family businesses through a test creation process. A comprehensive framework was proposed, consisting of nine steps that adhere to the guidelines for creating psychometric tests outlined by Muñiz and Fonseca-Pedrero (2019). The initial stage is grounded in a theoretical foundation.

3.1. Definition of the measured variable

In this first phase, an exhaustive and detailed review of documents, concepts, and antecedents of the construct of FCPO was conducted, thus allowing the definition of the objective and study population and clarifying the definition of the attribute.

FCPO is defined as the collective and shared possessive feeling among the members of a family firm (Rantanen & Jussila, 2011). Building upon this work, Rantanen and Jussila (2011) proposed three dimensions or subscales of their FCPO concept: collective control (CC), intersubjective familiarisation (IF), and interdependent effort (IE). CC indicates the family's influence over the firm, encompassing the extent to which the family has exercised its capacity to control the firm over time and its ability to manage the business collectively. It involves collective control over a target of collective possession. This signifies those members of a clearly defined social entity, such as a family in the context of a family business,

engage in collective action focused on ownership. The process of collective control is an integral component of the broader framework that leads to the development of CPO, alongside interdependent investment and intersubjective familiarisation with the target.

IF Intersubjective familiarisation refers to the process of knowledge processing and personalisation of a target of ownership as part of the collective psychological ownership (CPO) construct. It involves members of a social entity, such as a family, engaging with a target of collective possession, which, in this context, is the business. This process is one of the elements through which CPO emerges, alongside collective control and interdependent investment in the target.

Finally, IE shows the extent to which the family views the values of the business as their own, the extent to which the values of the business reflect the family's identity, and how collective actions shape the future of the business itself. Studying and understanding CPO is an investment that can ensure the success of family businesses in economic and non-economic terms. Family business identity refers to the collective understanding of "who we are" and "what we stand for" in a family business. This identity emerges from the intersection of family and business systems, creating a unique organizational identity (Boers 2013). Family business identity can be seen as the foundation upon which collective psychological ownership (CPO) is developed (Rantanen & Jussila, 2011). As family members internalise this shared identity, they are more likely to develop a collective sense of ownership of the business (Parada & Dawson, 2017). Family identity can be shaped by the intergenerational transmission of attachment patterns, which shape the emotional foundations of family relationships, influence trust and intimacy, and contribute to the overall sense of connection and investment within the family unit (Li et al., 2023). It is necessary to understand that family members in a business are inherently interdependent, relying on each other's skills, efforts, and resources to make the business successful (Aldamiz-Echevarria et al., 2017; Corona, 2021). This interdependence can foster a sense of collective ownership as family members recognise their shared stake in business outcomes (Tagiuri & Davis, 1996).

3.1.1. The importance of "we" and "ours"

A crucial stage in creating the scale was examining the role of language in shaping thought and behaviour (Whorf, 1997). Numerous studies have demonstrated that language plays a significant role in shaping individuals' perceptions, interactions, and behaviours, both consciously and subconsciously (Boroditsky, 2011). Language is

widely regarded as a cultural, social, and psychological phenomenon; thus, linguists strive to comprehend how words and phrases can affect individuals (Kramsch, 2014). The Sapir-Whorf hypothesis posits that the language we use can influence our perception of the world and our behaviour within it (Perlovsky, 2011). Language profoundly influences cognition and interaction, shaping thoughts by influencing how individuals perceive the world and interact with it. It is a fundamental aspect of human cognition and interaction, and language reflects its significant influence on various aspects of thought, emotion, and behaviour (Colombetti, 2009).

Research has also demonstrated that the frequent employment of first-person plural pronouns, such as “we,” “us,” “our,” and “ours,” is correlated with stronger and more positive relationship dynamics (Na & Choi, 2009). The pronouns individuals use when discussing their romantic relationships may offer insights into their attachment styles. People with a more secure attachment style typically employ more “we” and “our” pronouns, reflecting a stronger sense of connection and interdependence within the relationship (Pennebaker et al., 2003). Thus, the utilisation of “we” and “our” in language may symbolise interconnectedness, mutual respect, and shared identity within relationships, ultimately influencing the dynamics and quality of the relationship (Mercer, 2000).

Based on the information provided earlier, it can be inferred that the relationship between feelings of ownership and the utilisation of pronouns such as “we” and “our” may be impacted by how we convey and express our connections through language. Feelings of ownership are commonly associated with attachment and a sense of belonging to something or someone. In the context of family firms, the use of “we” and “our” may signify a feeling of belonging and connection with others, which is related to ownership and emotional attachment. Thus, the way we employ these pronouns may be shaped by our feelings of ownership and attachment to the individuals or groups we identify with. This is the reason why the items of the scale have been constructed with the use of “we” and “our” to attain a collective perception of relationships that surpasses the use of “I.”

3.2. Specifications

We suggest the use of a Likert scale, which is a common psychometric tool employed in questionnaires to evaluate the attitudes or opinions of respondents towards a specific topic, statement, or item (Batterton & Hale, 2017). This scale typically consists of a series of statements to which respondents indicate their level of agreement or disagreement (Batterton & Hale, 2017; Croasmun & Ostrom, 2011; Joshi et al., 2015). The Likert scale is widely used in social sciences and market research to determine the strength of respondents’ feelings regarding a given subject (Croasmun & Ostrom, 2011). It is recommended that seven response options be used when employing Likert scales, particularly in online surveys, as suggested by Finstad (2009), as was the case in this instance. This recommendation is based on the idea that providing a greater number of options enables respondents to express their thoughts or opinions more accurately, potentially resulting in more precise and accurate data collection in Internet-based research (Tuten, 2010). Additionally, we opted to utilise an online survey as it offers several advantages that make it a popular choice in survey research, such as eliminating interviewer bias and reducing the need for data entry as respondents input data directly into an electronic file (Tuten, 2010; Van Selm & Jankowski, 2006). Furthermore, online surveys are cost-effective, time-efficient, and easy to administer and complete. Moreover, they facilitate the recruitment of respondents with deviant or covert behaviours by providing anonymity, which is essential for sensitive topics (Fielding et al. 2016). Therefore, a formal invitation to participate was transmitted via the Google Forms virtual platform, accompanied by a link to complete the scale and a formal invitation to do so. It is important to note that in the initial section of the scale, informed consent was explicitly stated, and the appropriate processing of personal data in accordance with the EU General Data Protection Regulation (GDPR)¹ and Organic Law 3/2018, of 5 December, on Personal Data Protection and Guarantee of Digital Rights² was clarified.

3.3. Item construction

In developing the items, we adhered to the guidelines established for their creation (Haladyna, 2004; Haladyna & Downing, 1993) while

1. Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation). <https://data.europa.eu/eli/reg/2016/679/oj>

2. Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights”, adapting the Spanish legal system to Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27 April 2016, on the protection of natural persons with regard to the processing of their personal data and on the free movement of such data.

upholding the principles of representativeness, relevance, diversity, clarity, simplicity, and comprehensibility (DeVellis, 2017; Hinkin, 1995; Marquez, 2023; Muñiz & Bartram, 2007).

We created the scale, which was elaborated considering the conceptual and structural definition of the construct, thus allowing the creation of 40 items, distributed in 6 questions of identification or characterisation of family businesses and 34 items focused on specifically assessing the family collective psychological ownership. This initial version of the scale was assessed by a team of researchers, who, from their experience and training, allowed the respective improvements to be made, especially in the addition of identification questions, before proceeding to the next phase. All items were translated into Spanish, as the questionnaire was designed for Spanish-speaking participants. The next editing pilot test played a crucial role in verifying that the translation was clear and easily understood while ensuring its accuracy.

3.4. Editing

Once this initial version of the test was established, we proceeded to the next phase of the process, aimed at evaluation by expert judges (Hardesty & Bearden, 2004), which allowed us to obtain evidence of content validity. To carry out this activity, a format for content evaluation by judges was created to validate the items and check whether the working criteria were appropriate. To achieve this objective, five judges with expertise in psychometric assessments (one expert), family business (three experts), and psychological processes (one expert) in the target population and the construct being measured were selected (Boateng et al., 2018; Haynes et al., 1995; Pierce et al., 2018). The chosen judges were knowledgeable about the specific domain under evaluation. They were asked to evaluate the scale considering two aspects: relevance, referring to the item responding to the dimension considering the theoretical underpinning of the construct, and *clarity*, which aims to assess that the item has appropriate wording and can be understood by the population to be evaluated. In our case, relevant -irrelevant, clear - unclear (0 means that the item evaluated is irrelevant or unclear). This was used generally in the review for reformulation and deletion of items (Lynn, 1986). They were also asked to make observations on the entire process or the items in general to improve the test. The format established for the evaluation by judges was sent by e-mail to each of the five experts, together with a theoretical support document to provide greater clarity on the concept to be evaluated.

Once the content validity evaluations were re-

ceived from the judges, they were analysed, evaluating each item based on the characteristics of pertinency and clarity and considering the qualitative observations of the experts. The data were stored in the Microsoft Excel 2019 program through a matrix, which made it possible to identify the degree of agreement of the experts with respect to each of the items and the instrument in general, making it possible to consolidate a total of 12 questions for identifying the business dynamics and 23 items for evaluating the family collective psychological ownership. Also, from this review, spelling and wording corrections were made to most of the items, considering the recommendations regarding clarity and qualitative observations—the 35 items made up the Pilot Test which corresponds to the next phase.

3.5. Pilot test

The research group contacted 12 family businesses and respectfully asked them to participate in the study via email. To carry out the pilot test, the objective of the research project and the purpose of the pilot test were explained to those evaluated, which served to create accurate approximations of the research projects before establishing the final test (Muñiz & Fonseca-Pedrero, 2019). It is important to emphasise that this phase contributes to the test's validity and reduces possible biases and errors that could occur in the final application. According to Fink (2003) and Saunders et al. (2009), the standard size for a pilot study is ten participants. The pilot test involved 12 individuals who exhibited characteristics like the population under study. The survey was distributed via email using the Google Forms application. Pilot test subjects were selected based on proximity to the research team, and their participation was solicited and agreed upon. The sample consisted of twelve respondents, comprising first-, second-, and third-generation members of the business family. At the time of testing, all participants held administrative or managerial roles in their respective family enterprises. The group comprised nine men and four women. We meticulously recorded every occurrence during the pilot, including participants' queries, recommendations, comprehension of the items, and any flaws or complications identified in the instrument.

Thus, family members were asked to complete the questionnaire and express their experience with its application. This allowed them to verify whether the test version was understandable, whether the items were clear, and whether the language used according to the context was appropriate. The original language was Spanish. The pilot test allowed some adjustments to be made concerning the *clarity* of specific questions

and indications regarding certain technical terms established in the scale that the respondents did not understand. In addition, according to the participants' suggestions, additional questions were added, especially in the identification section, which was necessary to achieve the desired revision. This procedure facilitated the integration of 37 identification queries pertaining to respondent data, company data, company organisation, the management team, and succession dynamics. In addition, 28 evaluation-related queries for FCPO were incorporated.

3.6. Application of the test

The context of this study is the Autonomous Community of Navarre in Spain. It is predominantly composed of family businesses, which account for 79.46% of the total business landscape and span all sectoral activities, particularly in the primary sector. In 2017, family firms played a significant role in the region's economy, generating over 3,500 million euros in Gross Value Added (GVA), amounting to 58% of the total produced in Navarre, and providing employment to 66,556 individuals (Garcés-Galdeano et al., 2020). Another positive aspect highlighted in the study is the longer lifespan of family-owned businesses in Navarre, which average 18.4 years, compared to the 17-year average for non-family firms. Additionally, these family firms have lower debt ratios (2.58%) than non-family companies (2.87%).

The sample described below was a non-probabilistic sample, where the choice of sample was subject to the demands of the research (Hernández Sampieri et al., 2014). Information was collected by inviting different family businesses in Navarre to fill out the instrument in Spanish. The database information from the study by Garcés-Galdeano et al. (2020) was cross-checked using SABI, a tool with general information and annual accounts of more than two million Spanish companies, to verify whether the ownership was family owned. A total of 1,052 surveys were distributed, of which 124 responses were garnered, reflecting a 13.4% response rate. Of these 124 responses, only 107 were deemed eligible as they adhered to the consent and use of data criteria, were from family businesses, and were completely filled out, resulting in a final sample of 107 completed responses.

To date, 107 participants have responded to the invitation. The sample comprised 81 men (76%) and 26 women (24%). The ages of the participants ranged from 24 to 72 years old from different industries, such as food (0.93%), construction (20.56%), services (28.97%), industry (32.71%), agriculture (3.74%), communication (1.87%), hospitality (0.93%), renewables (4.67%), chemical (0.93%), and commerce (4.67%). All were cur-

rently working in the company and were involved in management and administrative activities. An additional significant criterion in the sample was the requirement of a minimum of two individuals working in the family business to ensure the collective nature of the enterprise. The distribution of family members working in family firms was as follows: 2 (43.93%), 3 (29.91%), 4 (15.89%), 5 (2.80%), 6 (2.80%), 7 (0.93%), 8 (1.87%), 10 (0.93%), and 13 (0.93%). The sample included first-to fourth-generation participants.

Additionally, 18 businesses in the study (16.80%) were considered microenterprises, comprising companies with 1 to 9 employees. Additionally, 56 businesses (52.33%) were classified as small enterprises with 10-49 employees. Furthermore, there were 22 medium-sized companies (20.05%) with 50-199 employees and 11 large companies (10.28%) with 200 or more employees.

Regarding the representativeness of the sample, it can be asserted that our sample appears to be adequately representative of family businesses in Navarre, exhibiting diversity in terms of sector, company size, and generational involvement. The sample aligns well with the key characteristics highlighted in the executive report by Garcés-Galdeano et al. (2020) such as the presence of family firms across various sectors and sizes. Although our sample is small, it provides a substantial representation of family businesses in Navarre. Our sample encompasses a variety of sectors, with the highest representation in industry (32.71%), services (28.97%), and construction (20.56%). This corresponds with the conclusion of the executive report that family businesses are significant across all sectors in Navarre. Our sample comprises 16.80% micro, 52.33% small, 20.05% medium, and 10.28% large enterprises, while the executive report indicates 65.13% small, 33.97% medium, and 18.37% large family businesses. Our sample demonstrates a good representation across different company sizes, albeit with a slightly higher proportion of medium and large enterprises than the population of Navarre as a whole. Furthermore, our sample includes companies from the first to fourth generations. Although not directly comparable to the data in the executive report, this provides insight into the gender distribution in the leadership of family businesses. Our sample ranged from 24 to 72 years, suggesting a broad representation of different generations in family business leadership.

3.7. Psychometric properties

3.7.1. Factor analysis

Factor extraction is a crucial step in the scale development process, which aims to determine the optimal number of factors that best fit a set

of items. Employing factor analysis, this phase involved regressing observed standardised variables on latent factors to reveal the internal structure of the items. The emphasis lies on the number of factors, loading estimates' salience, and the relative magnitude of residual variances.

Before proceeding to the analysis, we began our Exploratory Factor Analysis (EFA) ³by conducting a Bartlett test of sphericity on the scale items to assess the factorability of the data. The test yielded a statistically significant result (chi-square = 1389.29, 171 d.f., p-value = 0.000), indicating that the variables were correlated and that it was appropriate to search for common factors. To further validate these findings, we performed a Kaiser-Meyer-Olkin (KMO) test, which returned an overall KMO value of 0.91, well above the recommended minimum cutoff of 0.6, thus supporting the factorability of the data.

In addition, we performed a scree plot indicating two factors with eigenvalues above 1. To further confirm this, we conducted a parallel analysis that also supported the two-factor solution. Additionally, using Velicer's MAP criteria, we found a minimum MAP value of 0.026 for the two factors. Thus, two factors must be considered in the EFA. It is important to highlight that the factors extracted at this stage provide a hypothetical framework for the scale, and their dimensionality requires validation before we can assess reliability and validity in the next steps. In our case, using varimax rotation, the analysis revealed two factors with eigenvalues greater than 1: Factor1 explains approximately 44.15% of the variance; Factor2 explains approximately 42.99%, together explaining approximately 87.15% of the variance. However, these factors do not fully correspond with the proposed theory, suggesting that further investigation is necessary to refine our understanding and ensure that the scale accurately reflects the intended dimensions of the construct. This discrepancy emphasises the need for additional validation to reconcile empirical findings with existing theoretical frameworks.

We followed the guidelines established by Costello and Osborne (2005) for item analysis, which involved scrutinizing item loading tables and excluding items exhibiting loadings below 0.40 (Netemeyer et al., 2003). In this case, one of the variables was discarded from the subsequent confirmatory analysis. This decision was based on its low factor loading (0,15) and high unique vari-

ance (0,97), indicating that it was not well represented by the extracted factors and contributed insufficiently to the overall model structure.

3.7.2. Scale evaluation

The dimensionality test involves assessing the hypothesised factors or factor structures derived from a previous model. Methods for conducting dimensionality tests include confirmatory factor analysis, bifactor modelling, and measurement invariance.

Confirmatory Factor Analysis (CFA) is a psychometric assessment tool that allows for the organised comparison of predefined factor structures based on a fit assessment process. This technique evaluates the relationships between latent factors, while accounting for measurement errors. CFA is based on an exclusive ICM model that assumes zero cross-loadings between items and non-target factors. The fit assessment process involves various methods, such as the chi-square test of exact fit, Root Mean Square Error of Approximation (RMSEA \leq 0.06), Tucker-Lewis index (TLI \geq 0.95), Comparative Fit Index (CFI \geq 0.95), standardised root mean square residual (SRMR \leq 0.08), and Weighted Root Mean Square Residual (WRMR \leq 1.0). These thresholds play a vital role in determining acceptable fit and verifying the dimensionality.

We conducted a structural equation modelling (SEM) analysis for confirmatory purposes, standardising two sets of variables based on their significant factor loadings. This approach allowed us to evaluate the relationships between the observed variables and underlying factors A and B using robust standard errors for accuracy. Initially, the goodness-of-fit statistics were unsatisfactory, leading us to remove variables with standardised coefficients below 0.5 and then 0.65, resulting in 12 final variables. This refinement significantly improved the model fit. Table 3 shows the different indicators analysed for the proposed models until we found the model that best fits our sample of family businesses, complying with all the parameters.

The final model had an average fit (chi-square test= 63,991, RMSEA=0.044, GFI=0.988, TLI=0.985, SRMR= 0.040)⁴

3. We provide the results of the EFA using the principal factoring method, however we also repeated the analyses using alternative methods such as Weighted Least Squares or Maximum Likelihood. We observed no significant changes in the results and conclusions, concluding that the results of the EFA analysis are stable across alternative factoring methods.

4. Once we have confirmed the two first-order factors, we proceed to test the second-order factor. We have estimated such a model, but it does not improve the fit compared to a model without a second-order factor.

Table 3. Results of the CFA models for the FCPO scale

Construct	X ²	<i>p</i>	RMSEA	CFI	TLI	SRMR
Model 1 (2 factors;18 variables)	211.924	0	0.089	0.92	0.908	0.071
Model 2 (2 factors;15 variables)	114.904	0.003	0.069	0.962	0.955	0.048
Model 3 (2 factors;12 variables)	63.991	0.143	0.044	0.988	0.985	0.04

3.7.3. Reliability

Reliability, which indicates the consistency of measurements under identical conditions, was assessed using various statistics for scale evaluation. Common reliability tests include Cronbach's alpha, ordinal alpha for binary and ordinal scale items, test-retest reliability, McDonald's Omega, Raykov's rho, Revelle's beta, split-half estimates, Spearman-Brown formula, alternate form method, and inter-observer reliability.

Cronbach's alpha is widely used to evaluate internal consistency, with a threshold of 0.70 considered acceptable, and 0.80 and 0.95 preferred for psychometric quality. Cronbach's alpha is the most common and seems to have received general approval. In our case, the two extracted dimensions had Cronbach's alpha values above 0.9. (0.9002 and 0.9129 respectively). Table 4 shows the items that make up each factor and the reliability of the two factors.

Table 4. Internal consistency of the construct

Construct	Mean	Sd	Cronbach's alpha
Family firm identification			
We feel that the family firm in which we work is ours.	6.673	0.822	0.9001
We take pride and satisfaction in working in this family business.	6.626	0.885	
Our personal and professional growth is linked to the growth of the family business.	6.131	1.367	
We consider that the problems of the family firm are also our problems.	6.243	1.220	
Our personal values are represented or complementary to the values of the family business.	6.140	1.217	
The work we do demonstrates our commitment to family business.	6.570	0.912	
We identify with the family business	6.551	0.934	
Family firm interdependence			
In general, we feel motivated as a group to continue working for the family business.	6.009	1.232	0.9129
In general, we believe that the family firm interdependence enables and will enable the needs of all members of the family firm to be met.	5.850	1.413	
In general, we believe that the family firm interdependence fosters a collective feeling of ownership of the company. That is, we feel that we own the company.	5.963	1.324	
In general, we believe that the orientation of the family firm encourages the development of feelings of affection for Family firm (love, pride, affection...).	5.860	1.342	
The interdependence of the family firm encourages care for all of us even in difficult times.	6.271	1.162	

3.7.4. Tests of scale validity

Scale validity measures how well an instrument accurately assesses the intended latent dimension or construct. Validation is an ongoing process initiated by the identification and definition of the study domain and extends to assessing generalisability with other constructs. Validation methods include content validity, often conducted before administering the instrument, and subsequent assessments of criterion validity (predictive and

concurrent) and construct validity (convergent, discriminant, differentiation by known groups, and correlations) following survey administration. [Campbell and Fiske \(1959\)](#) and [Lowe and Ryan-Wenger \(1992\)](#) introduced two key aspects for assessing the construct validity of a test.

Convergent Validity: This aspect focuses on the confidence level in the measurement of a trait by its indicators. It examines the extent to which different indicators or measures of a trait yield

consistent and similar results, thereby reinforcing the validity of the construct.

Discriminant Validity: This aspect evaluates the degree to which measures of distinct traits are unrelated. It assesses whether the test can effectively differentiate between the construct under consideration and unrelated constructs, ensuring that the test does not inadvertently capture aspects of different traits.

In the context of structural equation modeling, Confirmatory Factor Analysis (CFA) has been commonly employed to assess construct validity (Jöreskog, 1969). CFA allows researchers to confirm the underlying factor structure proposed for a set of indicators, providing statistical evidence for the test's convergent and discriminant validity.

3.7.5. Convergent validity

The [Fornell-Larcker \(1981\)](#) criterion is frequently used to evaluate the extent of shared variance among latent variables in a model. Convergent validity of the measurement model, as per this criterion, is assessed through Average Variance Extracted (AVE).

Average Variance Extracted (AVE): The AVE measures the proportion of variance captured by a construct compared to the variance attributed to measurement error. AVE values above 0.7 are considered highly favourable, while values around 0.5 are deemed acceptable. A higher AVE indicates stronger convergent validity, suggesting that the latent variable effectively captures the intended constructs. In our case, the AVE measures were 0.596 and 0.651, which are acceptable.

3.7.6. Discriminant Validity

Discriminant validity was evaluated by comparing the AVE of each latent variable with the squared correlations between those variables and other latent variables. The AVE should be greater than the squared correlation between the latent variable and any other variable. This ensures that each latent variable captures more variance from its indicators than it shares with other latent variables, establishing discriminant validity. In our case, the AVE (0.596 and 0.651) is greater than the squared correlation between the latent variable and any other variable (0.591).

3.8. Final version

The purpose of the FCPO-S is to measure the FCPO (See Annex 2). It is administered to family members currently employed in the family business. The FCPO-S comprises 12 items that are evaluated on a scale of 1-7 and can be administered manually or digitally via an online platform. Additionally, the scale can be administered either collectively or individually, as per the re-

quirement. The questionnaire was translated into English by expert proof-readers. This suggests that professional language and translation experts were involved in this process. The experts validated the wording of these translated items. This step is crucial to ensure that the meaning and nuances of the original items are accurately conveyed in English and involves a thorough review to ensure accuracy and equivalence between the original and translated versions. This process aimed to maintain the integrity of the original items while adapting them to English. This process was undertaken to ensure equivalence, which helps ensure that the English version of the scale is equivalent to the original, which is crucial for cross-cultural validity. Expert translation helps preserve the content validity of the scale in all languages and reduces potential biases that could arise from mistranslation.

4. Results

The development and validation of the FCPO-S revealed significant insights into the construct's dimensionality, specifically focusing on two core dimensions: family firm interdependence and family firm identification.

Family firm interdependence has emerged as a critical dimension, encapsulating the collective strategic involvement, governance, and control that the family exerts over the business. This dimension reflects the family's unified approach to decision-making and their long-term vision for the business, emphasising the importance of managing emotional dynamics within the family firm. The scale items related to interdependence demonstrated strong reliability, with Cronbach's alpha values indicating high internal consistency. This dimension underscores the significance of the family's operational influence on the business, highlighting how the orientation towards the family firm fosters a sense of belonging and encourages care for all family members, even in challenging times.

Family firm identification, the second dimension, captures the emotional and cognitive embedding of a business within the family's collective self-concept. This dimension reflects the extent to which family members identify with and feel connected to the family business, incorporating the family's heritage, culture, and values. The scale items assessing family firm identification also showed high reliability, with Cronbach's alpha values above 0.9, validating this dimension's robustness in measuring the family's emotional investment in the business. Family firm identification highlights how the family firm's unique combination of traits, values, and achievements, closely tied to the family's legacy, can serve as a

competitive advantage and strengthen the family's culture and sense of belonging across generations.

Confirmatory factor analysis (CFA) supported the two-dimensional structure of the FCPO scale, indicating a good fit for the model with data from family businesses. This analysis confirmed that the three initially hypothesised dimensions could be more accurately represented by two, as items related to family firm identification and family firm interdependence demonstrated high positive correlations, suggesting that they were measuring interconnected aspects of the family's psychological ownership of the business. These dimensions, supported by rigorous psychometric testing, offer a nuanced understanding of the interplay between the family's operational influence and emotional investment in the business, providing a valuable tool for exploring the unique dynamics of family firms.

5. Discussion

Some studies have been conducted on the development and validation of instruments to assess CPO in organizational settings (Pierce et al., 2018). However, they omit the emotional, affective, social, and even economic dynamics that exist between the members of families that control family firms and are central to understanding the functioning of these organisations. The FCPO scale focuses on capturing these collective elements, thus emphasising the unique relationship between the family and the firm. However, while the FCPO construct has been recognised for its valuable contribution to the advancement of our understanding of psychological ownership in family firm research (Rantanen & Jussila, 2011), there is no scale to measure this concept yet.

In this study, we proposed and validated an FCPO scale for the first time. Our findings indicate that this construct has two dimensions: *family firm interdependence* and *family firm identification*. *Family firm interdependence* emphasizes the long-term perspective and vision that the family holds for the business, focusing on the strategic and future-oriented aspects of the family's involvement in the firm and their collaborative efforts on behalf of the family-owned firm. *Family firm identification* relates to the emotional connection and commitment of family members to the business, highlighting how they identify with the firm and see it as an extension of their family identity. More in depth, the perspective on *family firm identification* refers to the extent to which family members feel connected to and personally identify with the family business (Hall, 2012). Family firm identification is a unique combination of heritage, culture, and values, which

are often closely tied to the family's legacy and identity (Sánchez-Marín et al., 2016). Research suggests that the distinct traits, values, and achievements of a family business's identity set it apart from non-family businesses and can serve as a competitive advantage (Gómez-Mejía et al., 2011). Developing a strong family firm identification can help strengthen the family's culture and sense of belonging across generations, minimise the risk of ownership dilution, and capture business and financial success of the firm.

The review findings indicate that family members' belief in their ability to effectively participate in the management of the family firm is rooted in their interactions with the firm and shared experiences and interpretations based on an emotional and affective foundation (García et al., 2019). To be fully engaged in the challenges associated with family firms, family members must have a strong emotional attachment to the firm. Conversely, those who lack this emotional connection may find it difficult to become involved in the business (Björnberg & Nicholson, 2012). Our research suggests that in addition to sharing values, goals, resources, and rewards, family members should actively involve themselves in important decisions and encourage collective efforts (Habbershon & Astrachan, 1997; Johnson et al., 1998). The interdependence within a family firm is structured, which shapes the firm's dynamics. The concept of a unified "we" emerges when family members recognise each other as a group with a common purpose, which is linked to the ownership of the firm (Rantanen & Jussila, 2011). Furthermore, trust is a crucial element in fostering moral behaviour within the family, which lays the groundwork for cooperation, coordination, reciprocity, and exchanges (Bubolz, 2001). The collective and organizational identification of family firms can serve as a significant source of competitive advantage, as their unique "family identity" cannot be entirely replicated (Sundaramurthy & Kreiner, 2008, p. 408). Interdependence among family members arises when individuals support and facilitate each other's efforts to achieve group objectives, such as promoting and maximising the learning of other members (Collazos et al., 2003). Such collaborative efforts exemplify the commitment of family firms.

Commitment to the family firm is considered a valuable trait (Chrisman et al., 1998) that arises from close interaction with the company and a desire to be part of the team. Our research suggests that for collective identification and effort to develop, commitment must be practical (Meyer & Allen, 1991) and shared within the firm; that is, an emotional state of belonging to the family firm. Commitment to the family firm also has behavioural implications (Ellemers et al., 1998)

that progress from the intangible to the tangible. Therefore, commitment to a family firm refers to the dedication of family members to the performance of specific tasks or activities and, in general, to the achievement of shared goals. If the primary commitment is to the family rather than the business, there may be alternative ways to contribute beyond a leadership role in the family firm. Some family members who have chosen not to participate in the business remain part of the family but are not particularly engaged because they view the business as not being their own (Hewa Kuruppuge & Gregar, 2017); we consider this a positive attitude of family members toward work. Similarly, involvement in the family firm facilitates the identification of family members with the company's interests (Basly & Saunier, 2020b). The second aspect of the scale is derived from the integration of family and business interests and dedication to a vision of the future. The *family firm interdependence dimension* emphasizes the significance of comprehending and managing emotional dynamics in the context of family firms, as well as the importance of the family business preserving a sense of identity and attachment to the business (Bachkirov, 2015; Bee & Neubaum, 2014; Cailluet et al., 2018).

Studies have demonstrated that a long-term perspective in a family business can serve as a valuable resource for fostering an entrepreneurial approach within the firm (Astrachan et al., 2002). The efforts made by the family firm to implement mechanisms to reinforce the family firm's sense of belonging demonstrate the presence of the family in the firm and contribute to the stability and congruence of the family firm (Elsbach & Pieper, 2019). This understanding of values, behavioural norms, and cognitive schemes within the family improves the integration, cohesion, and survival of the family unit (Bourdieu, 2011) and fosters reciprocity and exchange among family members in relation to employees (Carrasco-Hernández & Sánchez-Marín, 2007).

Moreover, Family firm interdependence, promoting identification, adaptation, and emotional bonding between the family and the business, can contribute to the commitment of family members to the company and its continued success. It is essential for family businesses to recognise the influence of family emotions on family firm processes and to govern these emotions in the best interests of the business (Humphrey et al., 2021; Kellermanns et al., 2014). This involves upholding non-economic factors, such as the preservation of values and lineage legacy, which contribute to the preservation of socioemotional wealth and the maintenance of collective identification and family ownership (Berrone et al., 2012; Gómez-Mejía et al., 2011).

5.1. Differential factor of the FCPO-S

The FCPO-and CPO scales differ primarily in their contextual application and the specificity of their constructs. The FCPO-S is specifically designed to measure collective psychological ownership within family firms, capturing the unique dynamics and emotional bonds that family members share with their businesses. It focuses on the collective sentiment among family members that their business is an integral extension of the family unit, embodying a shared sense of belonging. This scale is tailored to capture the socio-emotional aspects of family firms, reflecting the intertwined identities of the family and firm. It was developed through theoretical and empirical item generation, judges' evaluation, and pilot testing, followed by exploratory and confirmatory factor analyses.

Unlike the proposals by Rantanen & Jussila (2011), who proposed three dimensions that focus on collective control (CC), intersubjective familiarization (IF), and interdependent effort (IE) to measure family influence within the firm and approach the concept of CPO in the family firm context FCPO. *Collective control* (CC) refers to the family's influence over the firm, particularly in terms of their ability to exercise control and manage the business collectively. *Intersubjective familiarization* (IF) captures the extent to which the family achieves a shared understanding and knowledge of the business, reflecting a collective cognitive dimension. *Interdependent effort* (IE) focuses on the extent to which the family views business values as their own and how these values reflect the family's identity, emphasizing collective action and values alignment within the family business.

The main differences between these sets of dimensions lie in their focus and their underlying concepts. The FCPO-Scale's dimensions are centered on the psychological and emotional aspects of family members' relationships with the firm, emphasizing *family firm interdependence* and *family firm identification*. In contrast, Rantanen and Jussila's dimensions focus more on the operational and cognitive aspects of family influence, such as control, shared knowledge, and value alignment within the family firm. While both approaches aim to capture elements of family influence and psychological ownership, they do so from slightly different perspectives, with the FCPO-S placing a stronger emphasis on the emotional and identity-related aspects of family involvement in the business.

In contrast, non-family firm-tailored CPO scales, such as those developed by Pierce et al. (2018), and Su and Ng (2019), are designed for a broader organizational context. These scales aim to capture the shared sense among co-workers that

they jointly own the organization, focusing on shared possessiveness toward the organization, involvement in decision-making, and enduring hardships together. The CPO scales are based on a bifactor analysis structure, including one general factor (shared possessiveness) and two specific factors (shared decision-making and shared hardship endurance), demonstrating satisfactory internal consistency and both convergent and divergent validity.

Therefore, while both scales measure collective psychological ownership, the FCPO-Scale is distinct in its focus on the family firm context, emphasizing the emotional and socio-affective nature of family involvement in the business. In contrast, CPO scales are more general, designed to measure collective ownership feelings among co-workers in various organizational settings, and are not specifically tailored to the unique dynamics of family firms.

6. Contribution and Practical Implications

The development and validation of the Family Collective Psychological Ownership Scale (FCPO-S) constitutes a significant contribution to business research, with several important practical implications. This analysis elucidates and expands on these contributions and implications.

The FCPO-S addresses a critical gap in the family business literature by providing an empirical instrument to measure collective psychological ownership specifically within family firms. As noted by [Henssen and Koironen \(2021\)](#) and [Rantanen and Jussila \(2011\)](#), there is a paucity of instruments tailored to capture the unique dynamics of ownership in family businesses. The FCPO-S fills this void, enabling researchers to quantify and analyze the shared sense of possession that family members experience towards their business. Unlike existing measures of collective psychological ownership (CPO) that are not specific to family firms, the FCPO-S is designed to capture the emotional, affective, social, and economic dynamics unique to family businesses. As highlighted by [Gómez-Mejía et al. \(2007\)](#), [Basly and Saunier \(2020a\)](#), and [Cano-Rubio et al. \(2021\)](#), these aspects are central to understanding family firm governance and decision-making processes. The FCPO-S improves upon traditional CPO scales by incorporating elements that reflect the intersection of familial and commercial domains.

The FCPO-S contributes to a more comprehensive understanding of the relationship between family identity and business dynamics in family-owned enterprises. By examining dimensions such as family firm identification and family firm interdependence, the scale elucidates the emotional connections among family members and their

collaborative, long-term visions for the business. This aligns with the research of [Zellweger et al. \(2010\)](#) and [Bettinelli et al. \(2022\)](#), who emphasized the significance of shared ownership and collective identification in family firms. By providing a valid measurement instrument for the FCPO, this study establishes new avenues for empirical research into the implications of collective ownership for management and succession planning in family firms. Researchers can now quantitatively investigate how FCPO influences various aspects of family business operations, building on the theoretical foundations established by [Pierce and Jussila \(2010\)](#) and [Rantanen and Jussila \(2011\)](#). FCPO-S can function as a diagnostic instrument for family business consultants and managers to evaluate the level of collective psychological ownership within a family firm. This information is potentially crucial for understanding the family's influence on business operations and decision-making processes. As posited by [Makó et al. \(2018\)](#) and [Murphy et al. \(2019\)](#), understanding FCPO can provide insights into how emotional and affective sensations towards the family business may influence its management.

One of the most significant challenges faced by family businesses is succession planning. The FCPO-S can facilitate this process by providing a measure of how deeply ingrained the sense of collective ownership is across generations. This information can be valuable for identifying potential successors who share the family's collective sense of ownership and are likely to maintain the family's vision for the business. This aligns with the work of [Björnberg and Nicholson \(2012\)](#), who emphasize the importance of emotional dynamics in family firm succession. By measuring the extent of collective psychological ownership, the FCPO-S can assist in identifying areas of misalignment or conflict within the family regarding their relationships with the business. This information can be used to develop targeted interventions to improve family cohesion and resolve conflicts, ultimately leading to improved business outcomes. This application draws on [Gómez-Mejía et al.'s \(2011\)](#) insights regarding the impact of socio-affective dynamics on family firm decision-making. The FCPO-S can inform strategic decision-making processes in family firms. A high level of collective psychological ownership may indicate a strong commitment to long-term goals and a willingness to make decisions that prioritize the family's legacy over short-term gains. This insight can be particularly valuable when considering major strategic moves such as expansion, acquisition, or diversification. The scale can be employed to design tailored professional development programs for family members involved in businesses. To understand the level and nature

of collective psychological ownership, training programs can be created to reinforce the positive aspects of FCPO while addressing any potential negative consequences, such as resistance to change or external input.

Insights derived from the FCPO-S can inform the development of governance structures that balance family influence and professional management. This can facilitate family firms in achieving an appropriate equilibrium between maintaining family control and incorporating external expertise, when necessary, as posited by [Basly and Saunier \(2020a\)](#) on family firm governance. Furthermore, understanding the level of FCPO within a family firm can aid in managing relationships with external stakeholders, such as investors, partners, and customers. A robust sense of collective ownership can be conveyed as a commitment to long-term stability and values, potentially enhancing a firm's reputation and stakeholder trust.

7. Limitations

The study's sample presents limitations primarily due to its non-probabilistic nature, meaning that the selection of participants did not rely on probability but was subject to the specific demands of the research. This approach can introduce biases, as it may not accurately represent the broader population of family businesses. Another limitation is the lack of cross-checking of data obtained by at least two or more members of each family firm. Moreover, the sample's composition, predominantly male (76%) and from a variety of industries, although diverse, might not fully capture the nuances across different sectors and gender representations within the family businesses. Additionally, reliance on self-reported measures from participants directly involved in management and administrative activities within their family firms raises concerns about response bias. Participants may have presented themselves or their firms in a more favourable light, potentially skewing the results.

Finally, another limitation of this study is the sample size. Despite our best efforts to widely disseminate the survey, the response rate was somewhat lower than anticipated, resulting in a sample size of 107 participants. This poses a challenge in achieving a fully representative dataset; therefore, we have taken appropriate measures to ensure that our sample is representative based on size, sector, and family generation involved. These limitations should be considered when interpreting the results, as they may affect the overall robustness and applicability of our conclusions of this study.

8. Future research

Future research in the realm of FCPO presents a rich landscape of opportunities for deeper exploration and understanding.

First, the FCPO scale can be used in longitudinal studies, which could offer valuable insights into the evolution of FCPO-S over time, elucidating its impact on family firm governance, succession planning, and intergenerational transfer. By expanding the scope to diverse cultural contexts, researchers can elucidate how cultural norms and values influence the development and expression of psychological ownership in family business success. Furthermore, to gain a more comprehensive understanding of FCPO, future studies should employ a mixed-methods approach, combining qualitative and quantitative techniques such as case studies, interviews, and surveys. This multifaceted approach captures the depth and breadth of shared psychological ownership experiences among family members. Additionally, adopting a multilevel analysis could provide deeper insights into how collective psychological ownership manifests and operates across different levels within family firms, including the individual, family, and organisational dimensions.

Second, further research is imperative to elucidate the theoretical and practical implications of FCPO on various aspects of firm performance, such as innovation, growth, and financial health. Such investigations would facilitate the establishment of clearer causal relationships and enhance our understanding of the mechanisms governing family emotions in family firms ([Koh et al., 2019](#)). Exploring practices that foster the positive outcomes of FCPO while mitigating potential negative consequences could yield valuable insights for practitioners and scholars alike ([Corona, 2021](#)). This article aims to contextualise the vast quantity of evidence and experience and enable a better understanding of the challenges, the role of the new generation, the probate process, the preparation of the successor, and the importance of family harmony in family business successions. This study underscores the significance of cultivating the next generation of leaders and the necessity of judiciously determining the appropriate timing for initiating the succession process. It further emphasizes that the preparation of successors is an evolutionary endeavor and that maintaining family harmony is crucial for success in this process. The objective of this article is to contextualize the extensive body of evidence and experience, thereby facilitating a deeper understanding of the challenges, the role of the new generation, the succession process, the preparation of successors, and the importance of family harmony within family

business successions. The article elucidates the criticality of developing new generational leaders and the need for careful consideration of the timing of the succession process. Additionally, it highlights that the preparation of successors is an evolutionary process and that family harmony is essential for achieving success in this endeavor (Corona, 2021). Integrating FCPO into existing theoretical frameworks, such as socioemotional wealth or stewardship theory, could offer a more nuanced understanding of the complex dynamics of family firms. Furthermore, given the ongoing digital transformation of businesses, examining how technological advancements affect FCPO can provide valuable insights into the evolving nature of collective ownership and its implications for family business management in the digital era. An important avenue for future research is to investigate the influence of non-family members on the emergence and implications of FCPO. This approach would involve adapting existing FCPO items or developing new items to reflect the perspectives of non-family employees. Such studies could explore how non-family employees' sense of belonging interacts with the family's collective ownership feelings and investigate the potential differences in psychological ownership between family members and long-term, trusted non-family employees. By pursuing these diverse research directions, scholars can develop a more comprehensive understanding of psychological ownership in family firms, which encompasses both family members and key non-family employees. This holistic approach has the potential to offer valuable insights into how family firms can leverage their unique cultural attributes to create robust, cohesive organisations that extend beyond family boundaries, ultimately contributing to the advancement of theory and practice in the field of family business research. Finally, future research could measure the concept of extended family in relation to family members employed within the firm, such as sons-in-law and daughters-in-law, and family members who are not employed in the firm but play a crucial role in the family business.

Author contribution statement

All authors contributed equally to the conception, design, data collection, analysis, and writing of this manuscript. All authors have read and approved the final version of the manuscript.

Conflict of interest statement

The authors declare no conflicts of interest.

Ethical statement

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

Declaration on the use of generative AI in the writing process

Generative AI has been used solely for editing in the writing process. No AI-generated content was included in the conceptualization, analysis, or original drafting of this manuscript.

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Data availability statement

The data supporting the findings of this study are available from the corresponding author upon reasonable requests.

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Annex 1. Previous Scales Development

CPO scale by [Pierce et al. \(2018\)](#)

Instructions: Think about the house, automobile, workspace, or some other item that you own or co-own with someone, and the experiences and

feelings associated with the statement ‘THIS IS OURS!’ The following questions deal with the ‘sense of ownership’ that you and your work team members feel for the work that you do. Please indicate the degree to which you personally agree or disagree with the following statements.

1= Strongly disagree, 2= Disagree, 3= Moderately disagree, 4= Neither agree nor disagree, 5= Moderately agree, 6=, Agree 7= Strongly agree

1. We (my team members and I) collectively agree that this is OUR job.
2. We (my team members and I) collectively feel that this job belongs to US together.
3. We (my team members and I) feel a very high degree of collective (team) ownership for this job.
4. All the members of my work team feel as though we own this job collectively.

CPO scale by [Su and Ng \(2019\)](#)

1. I feel like we are co-owners of the organization.
2. My colleagues feel like they are co-owners of the organization.
3. The organization encourages staff members to develop a collective sense of ownership.
4. I will choose to stay with the organization even in tough times.
5. My colleagues will choose to stay with the organization even in tough times.
6. The organization is keen to keep staff even in tough times

Annex 2. FCPO-S

Instructions: The following questions are about the emotional and affective sensations (sense of psychological ownership) that you and your family members feel towards the family business. Please respond to the following statements by marking the corresponding box with what you consider to be most in line with your opinion,

bearing in mind that: 7 = Very much agree, 4 = Neither agree nor disagree, 1 = Very much disagree.

Many questions are formulated using the word 'We'; this term refers to the collective of all family members, including you. Please remember that there are no right or wrong answers to the information presented; we only seek to know your opinion, so we ask that you respond with complete honesty.

Items	Response						
	11	22	33	44	55	66	77
We feel that the family firm in which we work is ours.							
We take pride and satisfaction in working in this family business.							
Our personal and professional growth is linked to the growth of the family business.							
We consider that the problems of the family firm are also our problems.							
Our personal values are represented or complementary to the values of the family business.							
The work we do demonstrates our commitment to family business.							
We identify with the family business							
In general, we feel motivated as a group to continue working for the family business.							
In general, we believe that the family firm interdependence enables and will enable the needs of all members of the family firm to be met.							
In general, we believe that the family firm interdependence fosters a collective feeling of ownership of the company. That is, we feel that we own the company.							
In general, we believe that the business orientation of the family firm encourages the development of feelings of affection for Family firm (love, pride, affection...).							
The interdependence of the family firm encourages care for all of us even in difficult times.							



Power in the Business Family

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Abstract Power dynamics play a pivotal role in shaping governance, decision-making, and interpersonal relationships within family businesses, which operate as hybrid organizations at the intersection of family and business systems. This paper examines the unique manifestations of power in the business family, utilizing French and Raven's taxonomy as a theoretical foundation and contextualizing power across the four governance dimensions: family, ownership, direction, and execution.

We propose recommendations for an effective exercise of power in family firms in order to achieve the desired results in relation to the company, but at the same time preserving positive family outcomes. Finally, we highlight the importance to conduct specific research on power dynamics in family firms and propose avenues for future research.

CÓDIGO JEL

M0

PALABRAS CLAVE

Poder, Dinámicas de poder. French & Raven, Familia empresarial

El poder en la familia empresarial

Resumen Las dinámicas de poder desempeñan un papel fundamental en la configuración de la gobernanza, la toma de decisiones y las relaciones interpersonales dentro de las empresas familiares, que funcionan como organizaciones híbridas en la intersección de los sistemas familiar y empresarial. Este artículo examina las manifestaciones singulares del poder en la familia empresarial, utilizando la taxonomía de French y Raven como base teórica y contextualizando el poder a lo largo de las cuatro dimensiones de gobernanza: familia, propiedad, dirección y ejecución.

Proponemos recomendaciones para un ejercicio efectivo del poder en las empresas familiares con el fin de alcanzar los resultados deseados en relación con la empresa y, al mismo tiempo, preservar resultados positivos para la familia. Finalmente, destacamos la importancia de realizar investigaciones enfocadas en las dinámicas de poder en las empresas familiares y sugerimos líneas para futuras investigaciones.

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1. Introduction

Power is a critical element of organizational behavior, shaping governance, decision-making, and interpersonal dynamics. Its significance is particularly pronounced in family businesses, where the overlap between family and business systems creates unique challenges and opportunities (Lansberg, 1983). Unlike non-family firms, family businesses operate as hybrid organizations, intertwining emotional and economic objectives (Vázquez & Rocha, 2018). This dual nature makes the exercise of power essential for maintaining business performance, preserving socioemotional wealth, and ensuring long-term generational continuity (Berrone et al., 2012). Understanding how power functions in family businesses is crucial for fostering cohesion and balancing individual and collective goals.

Social scientists have observed power through different lenses and from various perspectives. Max Weber (1922, p. 53) provides a foundational perspective, defining power as “the probability that one actor within a social relationship will be in a position to carry out his or her own will despite resistance, regardless of the basis on which this probability rests”. Dahl (1957) defines power as an observable force which generates measurable behavioral changes during social interactions. Parsons (1963) describes power as a system which sustains social order, while Wright Mills (1956) studies power through an analytical evaluation of its accumulation among societal elites. Foucault and Deleuze (1977) state that power is a widespread force that penetrates institutions and discourses to create social norms and personal identities. Bourdieu (1989) adds symbolic power to the analysis through his demonstration of cultural capital as a mechanism for sustaining social hierarchies. Lukes (2005) states that power functions by changing how people perceive things and want things without their conscious awareness. In this article, we combine different perspectives and define power as the capacity of an individual or group to influence or control others’ behavior and decisions, even against resistance.

Research on power in family firms has highlighted its role in governance and its unique manifestation within entrepreneurial families. French and Raven’s (1959) taxonomy of power provides a foundational framework for understanding power bases, while Davis and Stern (1980) emphasized the role of power in decision-making and conflict resolution specific to family business governance. Gallo (2008) explored power as a service-oriented leadership tool, identifying its potential to foster family unity and business continuity. Similarly, Corbetta and Salvato (2004) examined the

dynamics of authority distribution between family and non-family members, while Habbershon et al. (2003) proposed a systemic perspective on family firm performance, incorporating power into the broader framework of family, business, and individual subsystems. These studies underscore the importance of balancing formal and informal power structures to sustain family and business harmony.

Despite these advances, significant gaps remain in our understanding of power dynamics in family businesses. Existing research often overlooks the interplay between the sources of power and its exercise across governance dimensions, such as family, ownership, direction, and management. Addressing this gap requires a nuanced approach that considers the different kinds of power and how individuals and groups influence decisions at different levels of the family firm.

Bridging these gaps is vital for advancing the field of family business studies and providing actionable insights for practitioners. A comprehensive understanding of power dynamics can enhance governance effectiveness, strengthen family cohesion, and ensure business sustainability. This study adopts a conceptual and exploratory approach to address the following research questions:

How are various forms of power (following French and Raven’s taxonomy) exercised distinctly within family, ownership, board of directors, and top management governance dimensions?

How does the unique intersection of family and business systems influences power dynamics and governance structures?

How do managing power dynamics effectively promote harmonious outcomes and avoid destructive conflicts?

To analyze the unique manifestations of power in family firms, drawing on French and Raven’s (1959) taxonomy of power as a theoretical foundation, the paper integrates insights from family business governance frameworks. The analysis focuses on how power is exercised across four governance dimensions—family, ownership, direction (Board of Directors), and execution (Top Management Team)—while emphasizing the hybrid nature of family firms due to the intersection of family and business systems.

By integrating theoretical perspectives on the sources of power with the governance dimensions of family firms, this study contributes to the development of a framework for understanding the sources and managing the exercise of power in business families. We highlight the importance of approaching this rather unexplored and crucial topic and also propose avenues for further research. In the following section, we present the theoretical framework. In section 3 we elaborate

on the sources and exercise of power in the different governance dimensions of the business family. Then, in section 4 recommendations for the management of power in the business family are provided. The final section provides the conclusion and suggestions for further research.

2. Theoretical Framework

2.1. Power

Power is the ability of an individual or group to influence, control, or direct the behavior, decisions, or actions of others (even against resistance from those others). Power is a central concept in disciplines such as sociology, political science, management, and international relations. Dahl (1957, p. 202) defines power in terms of relationships between people or groups, suggesting that “A has power over B to the extent that he can make B do something that B would not otherwise do.” Foucault (1975) conceptualizes power as something diffuse and omnipresent in all social relations, not only as a possession of individuals or groups, but as a network of relationships that is exercised through discourses, institutions, and practices. For Foucault, power is not only repressive but also productive.

French and Raven (1959) identified five bases of power that describe how one person or group can influence the behavior of others: *legitimate*, *coercive*, *reward*, *referent* and *expert*. *Legitimate power* refers to the formal authority that comes from a person’s position or role within an organization or social structure. It is the power that derives from the formal right to make decisions and give orders. The *coercive power* is the ability to impose punishments or sanctions. A person who wields this type of power can make others comply with his or her orders under the threat of negative consequences. Conversely to the coercive power, *reward power* is the ability to grant rewards. This type of power is based on the perception that a person can provide desirable benefits, such as money, promotions, or recognition. The *referent power* arises from admiration, respect or identification with a person. People who possess this power are followed and emulated because of their personal qualities, charisma, or shared values. Finally, *expert power* is based on the knowledge, skills or experience that a person possesses. Others follow or trust this person because they perceive themselves as an expert in a particular area.

2.2. The business family and its particularities in relation to power

A business family is a group of people related

by family ties who, through one or more of its members, own, direct, and/or manage one or more companies and other assets. Business families are complex social systems where family dynamics influence the company and vice versa (Tagiuri & Davis, 1996). This duality is what makes family firms unique: they are hybrid organizations that juxtapose two interconnected systems—family and business (Lansberg, 1983). In this structure, the economic goals of the business and the socio-emotional values of the family coexist and influence each other, creating a unique organizational framework (Vázquez & Rocha, 2018). Family members in such organizations occupy dual roles in both business management and family dynamics. This intertwining of roles introduces both tensions and strengths, as decisions are not only driven by financial objectives but also by the preservation of family cohesion, identity, and legacy. These complexities make the study of power dynamics in family businesses particularly significant because power in this context directly shapes governance, decision-making, and the long-term sustainability of both the family and the business.

Socio-emotional wealth (SEW) is a central concept in understanding the power dynamics within family businesses. SEW refers to the non-financial benefits that families derive from maintaining control over their companies, including family identity, generational continuity, and a sense of belonging (Berrone et al., 2012). This focus on SEW often shapes business decisions in ways that prioritize family objectives over purely economic goals. The concept has gained relevance in recent studies, with research indicating that the pursuit of SEW influences not only decision-making but also the distribution and exercise of power within family firms (Gómez-Mejía et al., 2007). SEW exemplifies how family firms integrate economic and emotional dimensions, reinforcing their hybrid nature. However, it also introduces complexities in governance, as the need to preserve socio-emotional wealth can lead to power struggles, particularly during generational transitions or periods of conflict between individual aspirations and collective family goals. This underscores the importance of understanding how power is distributed and managed across governance dimensions such as ownership, management, and family.

2.3. Key research topics incorporating aspects of power dynamics

Several key research topics regarding family firms have mentioned power dynamics as a key concept. Research by Davis and Stern (1980) on governance of family firms emphasized how power dynamics shape decision-making and conflict resolution.

The systemic approach proposed by [Habbershon et al. \(2003\)](#) provides further insight, framing family businesses as “metasystems” composed of three interdependent subsystems: the family, the business, and individual family members. Changes in one subsystem inevitably affect the others, reinforcing the hybrid nature of the organization. Power in this context becomes the ability to make decisions that balance the needs and goals of all three subsystems. [Corbetta and Salvato \(2004\)](#) emphasized the need for balanced authority between family and non-family members to reduce agency costs and mitigate conflict. [Le Breton-Miller et al. \(2004\)](#) highlighted strategic succession planning as key to maintaining stability and ensuring the continuity of both family and business goals during succession. [Kellermanns and Eddleston \(2004\)](#) demonstrated how relationship conflicts stemming from power disputes negatively impact firm outcomes. [Martínez Jiménez \(2009\)](#) explored how traditional gender roles often limit women’s access to leadership (and other power) positions in family firms, despite their growing involvement. [Gupta and Levenburg \(2010\)](#) highlighted how cultural values shape power structures, with collectivist cultures favoring centralized authority and individualist cultures promoting shared leadership. [Zellweger and Kammerlander \(2015\)](#) used agency theory to examine four governance structures: uncoordinated family, embedded family office, single family office, and family trust, and their impact on power distribution within families and outside the family. They suggest that these structures reduce conflicts between owners with different interests but also create new agency costs and transfer power to intermediaries, thus reducing family control over their wealth. [Steier et al. \(2015\)](#) argue that traditional governance models, which assume a single family and single business scenario, are not appropriate for understanding governance in complex family enterprises. They argue that the increasing diversity in family ownership structures, levels of family involvement, transgenerational intentions, and stakeholder groups require a shift from single-business governance to managing portfolios of businesses and assets across multiple family branches with different interests and power dynamics. [Yildirim-Öktem and Usdiken \(2010\)](#) showed that families operating in emerging markets utilize board compositions along with ownership and structural power to keep control despite professionalization pressure. The authors analyzed family board membership in Turkish Family Business Groups (FBGs) from a power perspective and showed that families maintain control through ownership and structural power

and especially through board positions in holding and affiliate firms.

The study by [Masset et al. \(2023\)](#) demonstrates how family companies use SEW as their non-financial benefits regarding and downsizing choices in order to maintain control since this affects their power structures. [Yu et al. \(2023\)](#) demonstrated that family members linked by blood retain greater power within family firms than affinity relatives do thus significantly affecting CEO dismissal choices. [Ben-Shahar et al. \(2023\)](#) address a central paradox in the study of dominant coalitions: why family firms with identical equity distributions can exhibit different coalition configurations. [Oba et al. \(2010\)](#) investigated power in the boardroom of Turkish family-owned and listed companies. [Patel & Cooper \(2014\)](#) inquired in regard to power equality between family and non-family members of top management teams and its effect on firm performance.

Analyzing power in family firms demands a deep understanding of both classical and modern theoretical concepts. The combined analytical frameworks provide a strong foundation for complete power dynamics assessment which requires understanding their diverse and situation-dependent characteristics for family enterprise governance and conflict resolution.

While several scholars have mentioned power dynamics as a critical concept in their research on specific phenomena in family firms, a holistic approach about power in this kind of organization is still missing. The hybrid nature of family firms, coupled with the interplay between socio-emotional and economic goals, and the high level of diversity stress the need for a comprehensive understanding of power dynamics. This includes recognizing the interconnectedness of family, business, and individual systems and addressing the unique challenges posed by generational transitions, conflicts, and governance structures.

3. The Exercise of Power in the Business Family

3.1. Power and governance

The exercise of power is usually organized around a governance system. The governance of business organizations is usually conceived considering the dimensions of ownership (shareholders) and management, that includes the Board of Directors (appointed by the Shareholders’ Assembly) and the Top Management Team (appointed by the Board of Directors). When it comes to the business family, the power dynamics and decision-making that must maintain both the economic and socio-emotional well-being of the business

family involve four dimensions of governance: family, ownership, Board of Directors (direction), and Top Management Team (execution). These four dimensions allow us to conceptualize and characterize the main types of decisions that must be taken by the business family in relation to the companies and assets controlled.

Family governance focuses on how family members participate in decision-making that affects both the business and family relationships (Gersick, et al., 1997). This scope includes several aspects that involve power dynamics, such as defining family roles, succession planning, and creating structures that allow for communication and conflict resolution within the family.

Ownership governance refers to how the ownership of the company is managed, including the shareholding structure, the distribution of dividends, and decision-making related to asset ownership. This dimension addresses the relationships between owners (usually family members) and the alignment of their interests with the company (Schulze, et al., 2001). The ownership structure in family businesses often influences power dynamics and decision-making. Direction governance involves oversight of the company's management. The Board of Directors may be composed of both family members and external members and is responsible for ensuring organizational continuity, making strategic decisions, monitoring the company's performance, and protecting the interests of shareholders and other key stakeholders (Corbetta & Salvato, 2004).

Without being a formal governing body, the Top Management Team (TMT) is conceived as a fourth dimension of governance of the family business (Corbetta & Salvato, 2004; Carlock & Ward, 2010; Gallo & Kenyon-Rouvinez, 2005) in charge of executing the decisions by the Board of Directors. Execution governance refers to the day-to-day management of the company, carried out by the executive team and employees, who can be family members or outsiders. This dimension encompasses the implementation of business strategy, resource management, and operations oversight to ensure that the company operates efficiently and effectively. Adequate governance of execution in the family business can occur with the involvement of members of the business family with the required professionalization, with the growth and promotion of employees who are not family members, or with the incorporation of non-family talent from other organizations (Dyer, 1989).

Each of these four dimensions of governance is essential to the well-being of the components of the system: the controlled firm and assets, the controlling family, and its members. For this

reason, it is extremely important to properly exercise power in each dimension, and in the articulation between all these dimensions that make up the governance system of the family business.

3.2. Sources of power influencing the governance dimensions of the business family

This section explores how the five classic sources of power identified by French and Raven (1959) – legitimate, coercive, reward, expert, and referent – manifest differently across the four key governance dimensions of the business family: family, ownership, board of directors, and executive management.

3.2.1. Family

In this dimension of government, legitimate power is based on family membership (usually by consanguinity or kinship) and on the hierarchical structure of the family, where certain members are recognized as decision-makers (Suess, 2014). For example, parents have parental authority that grants them rights and duties over their minor children. Another example is the case of the legislation of many countries that recognizes descendants as forced heirs of their parents (Ellul et al., 2010).

As for coercive or reward power in the family dimension, these arise from threats to grant or withdraw economic or other benefits, and to apply material and/or emotional rewards and sanctions (Eddleston & Kidwell, 2012). At one extreme, there are cases of unilateral decisions, very strict rules or differentiations with certain family members (such as wills that significantly improve inheritance rights of one of the children) and even family separations (which can go as far as excluding certain members, or others who avoid contact with certain relatives). At the other extreme, it is usually found in situations that range from the selfless support to a family member in need, to situations of self-interested transactions between relatives who seek a benefit in exchange for something, such as the promise of future leadership positions or economic advantages for those who support certain family policies. In general, the use of punishments can create an environment of fear or resentment if used excessively. On the other hand, the transactional use of benefits to ensure loyalty or conformity to family decisions tends to, in the long term, damage family cohesion (something that is better and more lastingly achieved through referent power).

Expert power in the family dimension usually arises from the ability to provide for and care for the group, its members and the links

between them (Botero, et al., 2021; Su & Daspit, 2021). Knowledge about family members and the communication skills to interact with them are important elements that feed expert power. Knowledge and experience in conflict management and consensus-building are also key elements. Finally, knowing and having experience about the governance of the family dimension are aspects that increase the expert power of family members.

Referent power arises from admiration, respect or identification for aspects such as character, ideas, integrity, great efforts and sacrifices, achievements obtained, etc. This kind of power is particularly strong when the family values imply cohesion and mutual respect. Those with referent power can influence decisions through their charisma and the trust they generate in other members. This power is usually expressed in the authority to convene family meetings, set agendas, and make decisions on behalf of the family that are mostly accepted by all or the vast majority of the members. Founders are often admired and respected by their offspring as a result of what they were able to create and the benefits they handed down to their descendants (Fries et al., 2021). From the second generation onwards, this power is also manifested when certain members are elected to lead the different dimensions of governance of the business family. The referent power of the leaders of the business family (which is usually held by the founder and then some of his descendants) together with the expert power in communication, conflict resolution and the governance of the family dimension, allow the development of effective family governance structures and processes. This governance is usually more or less explicit (protocols, agreements, regulations, etc.) and based on the values, vision and mission of the family. Likewise, effective governance determines the composition of decision-making bodies and access to them, and establishes benefits and sanctions that are generally transparent, equitable, and fairly applied across members.

3.2.2. Ownership

In the ownership dimension, power not only derives from formal ownership of shares but also from family decisions regarding who becomes a shareholder. Families often exert control over property distribution through inheritance planning, shareholder agreements, or family constitutions. Thus, the family's referent and legitimate powers profoundly influence the ownership dimension by establishing conditions and criteria for family members to acquire and maintain shareholder status (Nordqvist et al., 2014).

This power is evident when people have the titles and/or rights of ownership of assets and the ownership of company shares (with their consequent economic and political rights). The degree of this power is usually given in proportion to the shares held or on the basis of coalitions formed among shareholders (Ben-Shahar et al., 2023). Likewise, it is also expressed when certain members have formal roles, such as being Chairman of the Shareholders' Meeting.

Family shareholders may use coercive and reward power by threatening to sell or selling shares (between family members or to third parties), legal claims, or affecting distribution of dividends. Similar forms of influence can also be observed in decisions related to the composition of governance bodies (e.g., the Board of Directors) and in the allocation of benefits to directors and/or managers (von Schlippe et al., 2021).

Expert power in the ownership dimension usually originates from specific knowledge (financial, legal, business, etc.) and/or is based on successful experiences in this or other companies (Foss et al., 2021).

As for the referent power in family shareholders, this usually comes from respect for their vision and success, for their reputation and prestige, for their networks of contacts, as well as for the ability to reach consensus and persuasion with other shareholders.

3.2.3. Direction

In the Board of Directors, legitimate power is manifested in the directors' formal decision-making authority that is assigned by the company's bylaws on the basis of an appointment by the Shareholders' Meeting.

A director finds the basis of his coercive power in the threat of resignation from office, legal actions, his actions to complicate the deliberations of the body by formal requests (or simply by hindering conversations), and his motions and/or vote to dismiss management. On the side of the director's power of reward, there are the benefits for shareholders caused by his good performance (increase in the value of the share and/or higher profits) and the best conditions for managers such as remuneration, bonuses and benefits (Combs et al., 2010).

A director feeds his or her expert power with aspects such as specialized knowledge in the issues relevant to decisions of the Board, contributions to the processes of the body, successful experiences in meetings, and occupation of the role of director in other companies (Fich, 2005).

The referent power of a director is based on the trust he inspires in others due to his integrity and career. Also, for their leadership capacity, their contributions to group functioning and the finding

of consensus, their ability to tolerate dissent, and their contribution to the search for better decisions (Voordeckers et al., 2007).

3.2.4. Execution

The legitimate power to hold positions as the main executive of a family business (CEO, general manager, etc.), arises from an appointment and powers granted by the Board of Directors, usually formalized in an employment contract (von Schlippe et al., 2021).

The coercive power of the general manager is based on his threat of resignation, and on his ability to fire and sanction employees. On the other hand, their reward power is fueled by their ability to collaborate and facilitate the work of the Board, and by awards and career development for employees.

On the side of expert power, the general manager's power is based on his generalist and specialized

knowledge that allows him to manage the critical functions of the company (Blanco et al., 2021). Within this knowledge is the ability to assemble and develop the top management team, as well as to plan, implement and monitor the company's strategy and budget.

The referent power of the general manager at the head of the execution arises from his leadership, charisma, exemplarity, commitment and dedication. The capabilities to provide a vision, inspire and align the organization behind that vision, to generate an appropriate organizational culture, and to motivate employees to achieve the implementation of the strategy are essential aspects that nurture the manager's referent power (Kelleci, et al., 2019; Patel & Cooper, 2014). Table 1 summarizes the bases of the exercise of power in the dimensions of governance of the business family:

Table 1. Bases of the exercise of power in the dimensions of governance of the business family

Source of Power	Family	Ownership	Direction (Board of Directors)	Execution
Legitimate	Consanguinity or parentage. Parental (legal) authority.	Ownership and control of shares (economic and political rights).	Appointment by the shareholders' assembly.	Appointment and authority granted by the Board of Directors/ Management.
Coercive	Economic sanctions. Exclusions. Unequal treatment. Communication of emotional distance.	Sale of shares. Legal disputes. Pressure through voting power.	Resignation. Legal actions. Actions to hinder board discussions.	Threat of resignation. Authority to dismiss or sanction employees.
Reward	Emotional support. Financial aid. Promises of rewards. Creation of trust.	Distribution of dividends. Allocation of rewards and incentives.	Contributions to shareholder benefits. Effective governance decisions.	Collaboration and facilitation of Board processes. Career development.
Expert	Knowledge about family dynamics. Communication skills. Conflict resolution. Family governance.	Knowledge and experience in financial, legal, or business matters.	Specialized knowledge in strategic decision-making. Governance expertise.	General and specialized knowledge of strategy and operational planning.
Referent	Integrity. Charisma. Inspiration. Empathy. Shared values. Generational sustainability.	Reputation. Prestige. Vision. Capacity for consensus. Networking.	Leadership. Trust. Contributions to teamwork and consensus-building.	Leadership. Charisma. Ability to inspire. Creation of organizational vision.

It is important to note that these power sources are interconnected across governance dimensions. Decisions at one level, especially within the family dimension, cascade into other

levels, influencing who holds power and how it is exercised throughout the governance structure. Indeed, as highlighted by recent reflections, the dependencies across governance dimensions—

family influencing ownership, ownership influencing the board, and the board influencing management—underscore a layered governance structure, where power flows hierarchically. Recognizing this hierarchical interplay can help business families design more coherent and effective governance mechanisms.

4. Recommendations for the Management of Power in the Business Family

The exercise of power within the business family influences the decision-making process and its outcomes, impacting multiple dimensions: the operational and strategic management of the company, relationships among family members as a collective group, and the individual well-being of each family member.

4.1. Leadership style of those who exercise power

Leadership styles and the exercise of power in the business family tend to amalgamate characteristics of family roles and business governance roles (Fries et al., 2021). An autocratic, charismatic, and paternalistic exercise of power and leadership is especially common in founders. They create and build the organization, and they establish the cultural and power foundations that will influence the company for generations. At the same time, they play a crucial role in shaping the family as a business family. This style of leadership and power management often has a lasting impact, affecting both the company and family dynamics. The centralized approach to power allows the founder to maintain absolute control over the direction and decisions of the company, accelerating decision-making and allowing for a very rapid implementation of his vision, which can change quickly and drastically if deemed necessary. But, in the long run, this style tends to generate excessive dependence on the founder and make it difficult to transition leadership to the next generation (Dyer, 1989).

A paternalistic style of leadership is also common among family business founders, in which the leader acts as a parental figure, taking care of employees and making decisions in their best interest, although with a high degree of control (Gersick et al., 1997). While this leadership style can be effective in maintaining loyalty and cohesion within the family business, it often limits employees' autonomy and creativity.

It often happens that the monarchical style of exercising the power of the founder becomes an oligarchy in the second generation (except in the case that the founders have only one descendant, in which the absolute exercise of power can be reproduced). In this case, power is in the hands

of a small number of people who must agree on the decisions. Although this model allows for a greater diversity of positions to be integrated into a decision, it implies the work of agreeing and the potential for conflicts to be resolved when there are divergent positions. With the passage of generations and the incorporation of more members who hold the legitimate power of ownership, the dynamics of power start increasingly resembling a democracy of plural suffrage, in which some members may have greater voting power than others.

As Gallo (2016) suggests, the leadership style must ensure that power (legitimate power) converges with authority (referent power and expert power). Each generation has a different model of power in relation to the number of people who can exercise legitimate power. And each generation has the possibility of achieving the referential and expert power necessary for the situation. For example, although a founder or sole shareholder holds the sum of legitimate power, he must consider that authority is attributed by others (his relatives in the case of the family and his collaborators in the case of the company). If an individual wants others to recognize his authority beyond his power, he or she must consider these others and seek the balance between what can be done, what must be done (responsibility to the family and to the business), and what the other members of the different subsystems expect to remain satisfactorily within the metasytem of the family business.

4.2. Capacity building of those in power

In business families, those who exercise power must develop a series of skills that go beyond traditional leadership, focusing on both business management and complex family dynamics. In addition to leading the company, it is crucial that those in power are able to prepare for the generational transition, and also to adapt to change themselves. These capabilities can be grouped into three main areas:

1. Relational and emotional leadership skills: Business family leaders must properly manage family relationships, especially when business and family power are intertwined. It is essential that those in power possess skills to mediate conflicts, build consensus, and foster family cohesion. Leadership should focus on service to family and business, not on domination. These leaders need to be empathetic and consider how their decisions may affect other family members emotionally (Gallo & Pereira-Otero, 2018; Treviño-Rodríguez & Gallo, 2022). This dimension of leadership can be fostered through training in emotional intelligence, which includes skills such as empathy, self-control, and effective

communication. Personalized coaching programs and workshops on family conflict resolution can also be helpful. In addition, practicing open-ended feedback sessions, where family members can share opinions, can help improve the ability to listen to and understand others.

2. Technical and business management skills:

To lead effectively, those who wield power in the business family must have a deep understanding of the business. This includes competencies in strategic planning, financial management, and talent management. These capacities not only ensure that appropriate decisions are made but also legitimize power through *auctoritas* (moral authority and respect), not only *potestas* (formal power) (Gallo, 2008). Business management skills can be acquired through executive education programs in areas such as strategic planning, finance, and talent management. Participating in family business associations, joining open educational activities for members of family firms, or attending industry conferences also provide opportunities to learn from other business families and adopt best practices.

3. Intergenerational skills: Another key aspect is preparation for multigenerational coexistence and generational transitions. Those in power must be able to prepare the next generation - sometimes the next generations - to take on leadership roles by developing effective and transparent training programs and succession plans. Progressively sharing power and creating a culture that values input from family members and external professionals is vital to ensuring business continuity. In this regard, it is important to underline that, in addition to preparing the next generation to take on leadership roles, it is crucial that today's leaders are able to prepare themselves to relinquish parts of their power. This includes preparing to change their own role within the business family, evolving into mentoring or advisory positions, learning to delegate responsibilities, and developing contingency plans to ensure continuity in leadership in the event of any unforeseen events. Succession planning should be a gradual and transparent process, allowing the new generation to assume roles progressively (Gallo & Pereira-Otero, 2018). A set of initiatives such as intergenerational mentoring programs, participation in workshops on role transition and succession planning, the creation of intergenerational committees (where older and younger family members participate in decision-making), as well as the drafting of structured transition and succession plans, contribute to capacity building in this dimension.

4.3. Capacity building of those who do not exercise power

Those who do not exercise formal power in the business family also have an essential role. Even if they do not occupy direct leadership roles, they can influence decisions and family dynamics. Capacity building among these members is key to their constructive participation in the governance and success of the company. These capabilities can be grouped into three main areas:

1. Participation and communication skills:

Family members who do not have formal roles of power must learn to express their opinions respectfully and effectively. The ability to communicate at family or business gatherings, even without a formal position, is crucial to positively influencing decisions. In addition, they must learn to develop their own *auctoritas*, based on the respect and trust of other family members (Gallo, 2008; Treviño-Rodríguez & Gallo, 2022). To encourage development in this dimension, it is useful to offer training in communication skills, such as active listening, conflict resolution, and negotiation. Families can also set up Family Councils or regular meetings so that all members have a formal space to express their ideas, enhancing their involvement. Participating in family seminars or workshops can also strengthen these skills.

2. Skills for understanding the business:

Although not all members are directly involved in day-to-day management, it is essential that they understand the basic aspects of business, including the financial and operational structure as well as the key ownership competences (Vázquez & Campopiano, 2024). This will allow them to participate in an informed way in key decisions and support the development of the company from their position (Gallo, 2008; Treviño-Rodríguez & Gallo, 2022). To promote capacity development in this dimension, basic financial training programs and courses on business management adapted to family members can be organized. Regular meetings explaining the company's financial performance and operational challenges will also help these members to better understand the business.

3. Capacities to accept the leadership of others:

An essential component of maintaining family harmony is that those who do not exercise formal power learn to accept and support the leadership of other family members. This involves trusting the decisions of those in leadership roles but also being able to offer constructive feedback when necessary (Gallo & Pereira-Otero, 2018). It can also be helpful to organize workshops or facilitated sessions on collaborative decision-making and respect for leadership hierarchies to help those who do not exercise power understand

and respect the roles of those who lead the company.

4.4. Collegiate decisions in the dimensions of governance

Although the association of decisions is usually provided for in the legislation of capital companies, in the family business the mere formality of legal compliance does not usually imply the benefits of collegiate decisions (Gallo, 2016).

Involving an adequate number of people in the decisions that make up the governance dimensions of the business family and the family business is a way to moderate the exercise of power and improve the quality of decisions. Those involved, the type of involvement, and the influence of each individual will vary, according to the dimension of governance and the life cycle of the business family.

For example, while for certain decisions of family and ownership governance the founders will reserve the final decision or the right of veto, it is a good practice to share certain information with children of a certain age and to consider their positions on certain issues. On the other hand, in the case of the Board of Directors of a company controlled by a group of second cousins, it may be the case that it is desirable to have a majority of non-family directors (because family members may not be qualified, or because a high level of family conflict may negatively influence the decisions that affect the performance of the company on which many family members depend for their subsistence).

Knowing how to properly constitute and operate plural and collegiate governing bodies is one of the key competencies that usually differentiate successful and long-lived business families from others.

4.5. Develop capacities for the management of power conflicts within the business family

Conflict management is one of the main challenges in business families, as emotional and business interests are often intertwined. Developing skills to manage conflicts constructively is key to maintaining family cohesion and the success of the company. We propose three main areas in which these capabilities can be grouped:

1. Capacities for mediation and conflict resolution: Conflicts in a business family can arise for many reasons such as generational differences, tensions between those who exercise power and those who do not, or conflicts between

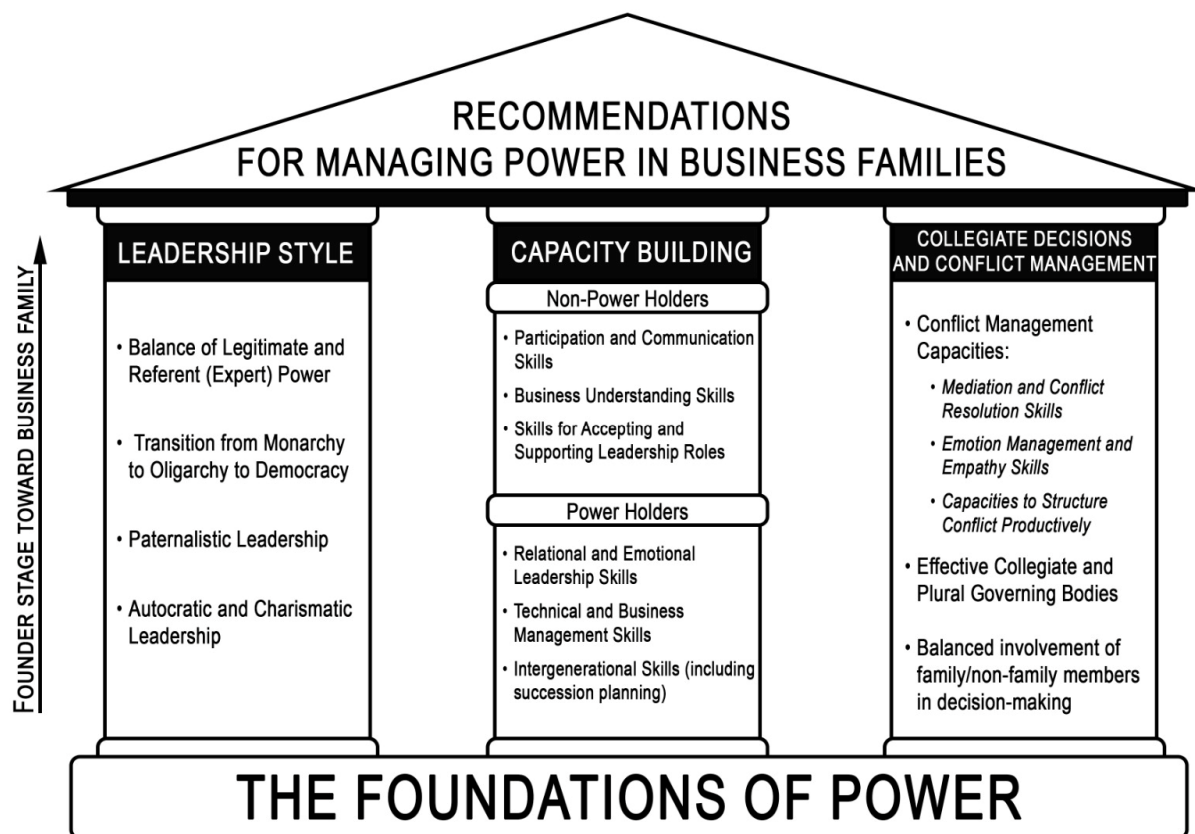
family and business interests (Tomaselli, 2017). Developing mediation skills is crucial to managing these tensions. *Slightly modified sentence in order to gain clarity: Instituting clear processes for conflict resolution and, in some cases, resorting to external facilitators who can help maintain harmony (Gallo & Pereira-Otero, 2018), are crucial capacities of successful business families.* To develop capacities in this dimension, it may be useful to organize training programs in mediation and negotiation through external professionals or consultants specialized in working with family businesses and business families.

2. Emotion management and empathy skills:

Since many conflicts in the business family are emotional, family members must learn to regulate their own emotions and be empathetic to others. This will help to reduce tensions and to create a more constructive environment for problem-solving. Empathy is key to maintaining healthy family relationships while making difficult decisions in the business (Gallo, 2008; Treviño-Rodríguez & Gallo, 2022). In this regard, it can be very useful to organize workshops on emotional intelligence and personal development, as well as to promote spaces for dialogue and emotional reflection within the family, such as family retreats or regular meetings.

3. Capacities to structure conflict: Family members must learn to structure conflict, channeling differences into productive dialogues. In addition, they must learn that not all conflicts are negative. Some well-managed conflicts can lead to innovation or better decisions. Instituting clear rules for decision-making and fostering a culture of respect and transparency are essential elements to prevent conflicts from damaging family cohesion (Gallo, 2008). The family can improve their abilities in this regard through emotional intelligence and personal development workshops. It is also very useful to encourage spaces for dialogue and emotional reflection within the family, such as family retreats or regular meetings, to facilitate the practice of empathy and the management of emotions.

Figure 1 offers a graphical synthesis of this section of the article. It includes three different areas - leadership, capacity building (for both power holders and non-power holders), and collegiate decisions and conflict management - each one made of different blocks.

Figure 1. Recommendations for the management of power in the business family

5. Conclusions and Further Research

5.1. Conclusions

The exercise of power in the business family is a complex process that requires the integration of various types of power, both formal and informal, to ensure business continuity and family cohesion. Throughout this article we have explored how different types of power manifest in the four main dimensions of governance in business families: family, ownership, direction, and execution. We have mentioned how each of these dimensions poses specific challenges in terms of the management of power, then identifying some key capacities that must be developed in both those who highly exercise power and those who do not.

One of the most relevant points is that decisions in a business family are not made only based on economic criteria but are also influenced by the preservation of socio-emotional wealth (SEW), which makes family and business dynamics deeply interconnected, underpinning the hybrid logic of these organizations (Berrone et al., 2012). As proven by Gómez-Mejía et al. (2007), SEW considerations shape governance preferences and influence the allocation of power across

generations. This reinforces the importance of developing relational and emotional leadership skills, especially in a context where generational transitions are inevitable and must be carefully managed to ensure long-term stability.

Likewise, the power structure in a business family is not monolithic or permanent. Leaders must be willing to relinquish some of their power to the next generation, prepare for role transitions, delegate responsibilities, and even analyse reducing the number of owners and/or separate business units (Pereira-Otero & Gallo 2023), while ensuring that family values and cohesion are maintained over time. In this regard, the recommendations included to highlight the importance of developing leadership based not only on formal authority (*potestas*), but also on moral authority (*auctoritas*), nurtured by respect, knowledge, and trust (Gallo, 2016). Leadership evolves across generations, from founder-centric models to more democratic or oligarchic configurations. This transformation, already noted by Steier et al. (2015) in their analysis of complex family enterprises, demands that incumbent leaders develop the capacity to transition from holding power to sharing or relinquishing it.

On the other hand, those who do not exercise formal power also play a crucial role in maintaining the balance of power within the business family. The ability of these members to actively participate in decision-making, understand key aspects of the business, and respect the leadership of others, is essential for family harmony and business success. As Treviño-Rodríguez and Gallo (2022) emphasize, inclusion and capacity building among those who do not occupy formal leadership positions are key to sustaining legitimacy and authority beyond formal structures. Developing mechanisms for effective participation, education, and trust-building can counteract the fragmentation often caused by unresolved conflicts or opaque governance processes. Finally, it is evident that the proper management of power conflicts, which can arise at any time, is one of the greatest challenges facing a business family. According to Kellermanns and Eddleston (2004) power-related conflict management stands as a major factor that determines family firm performance. The ability to handle conflicts through structured empathetic methods becomes essential for protecting business and family future success. In summary, managing power in business families requires a service-oriented consensus-driven approach which relies on robust governance systems, transparency and respect. The combination of *potestas* and *auctoritas* (Gallo, 2016) as a foundation enables businesses to endure while maintaining family unity. Developing skills to manage conflict in a structured and empathetic manner is essential to prevent tensions from jeopardizing the future of the business and the family.

5.2. Further research

While research on several topics such as succession, conflict and others have mentioned power dynamics as a key concept, the role of power in the business family remains a relatively underexplored yet critical area of inquiry within family business studies. While this paper contributes to the understanding of power types across the four governance dimensions—family, ownership, direction, and execution—it also highlights several avenues for future research. First, empirical qualitative research on the sources of power in the family firm and the influence of family members in decision making is encouraged. While French and Raven's typology offers a conceptual foundation, more empirical studies—particularly qualitative and longitudinal ones—are needed to examine how different forms of power are acquired, maintained, and legitimized in practice (Davis & Stern, 1980; Gallo & Pereira-Otero, 2018). For example, in

their study of succession planning, Le Breton-Miller et al. (2004) document how incumbents' referent and expert power influence successor legitimacy across generations.

Second, the interplay between SEW and power requires deeper examination. Although SEW is recognized as a significant driver of decision-making in family firms, its influence on the distribution and exercise of power, particularly during periods of conflict or generational transition, warrants further investigation. Recent studies (e.g., Masset et al., 2023) show how SEW priorities affect financial and governance choices. Future research should delve into how SEW motivations shape power asymmetries during succession, innovation, and downsizing decisions, and how this interplay contributes to or mitigates family conflicts. Future studies could also explore how SEW objectives align or conflict with economic priorities, shaping governance outcomes and power relationships.

Third, more research is needed on the impact of external factors, such as cultural and institutional environments, on power structures within family firms. Comparative studies across different cultural contexts could provide valuable insights on power dynamics and governance practices. For example, Yildirim-Öktem and Usdiken (2010) demonstrated how Turkish family business groups use board control to counter external pressures, illustrating how context determines power preservation strategies. Additionally, examining the influence of legal and regulatory frameworks on ownership and managerial power could deepen insights from Gupta and Levenburg (2010) and Yildirim-Öktem and Usdiken (2010), and offer a more comprehensive understanding of external constraints and opportunities, showing how different governance norms, legal systems, and societal values influence the ways families concentrate, share, or decentralize power.

Fourth, gender dynamics in family firms represent an important yet underrepresented research area. Despite growing involvement of women in leadership roles, traditional gender norms often limit their access to power. Future research should investigate how these barriers can be overcome and explore the contributions of women leaders to governance and decision-making in family businesses.

Also, intergenerational power dynamics is a particularly interesting topic for the family business field. As younger generations introduce digital and technological competences that may not be present in the incumbent generation, power dynamics may shift reshaping traditional hierarchies. Research on how these changes influence governance effectiveness and family cohesion could provide actionable insights for

both scholars and practitioners.

Finally, building on Zellweger and Kammerlander (2015) suggestion that governance models such as family offices and trusts can reshape power dynamics, empirical investigations could examine how these models alter the traditional balance of power between family branches, and what implications they have for conflict resolution and strategic alignment.

By addressing these gaps, future research can enhance the theoretical understanding of power in family firms while offering practical solutions to improve governance, foster family unity, and ensure the long-term sustainability of these hybrid organizations.

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Authors contributed equally to the work.

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Children-in-law and Conflictual Dynamics in the Business Family

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Family business dynamics, Children-in-law integration, Social identity theory, Conflictual dynamics.

Abstract This study explores the emotional and relational experiences of in-laws in family businesses—an under-researched area in the family business literature. Drawing on Social Identity Theory (SIT), the research investigates whether in-laws working in Italian family SMEs experience a recurring pattern of perceived exclusion, identity frustration, and career dissatisfaction. Based on survey data collected from 158 in-laws working in Italian family firms, the study identifies a multifactorial configuration comprising five interrelated factors: perceived unfair treatment by the founder and siblings-in-law, identity frustration, career dissatisfaction, and intention to leave the family business. These factors are significantly and positively correlated, and all are negatively associated with self-categorization as a family member. Gender differences also emerged, with sons-in-law reporting higher frustration and stronger self-categorization compared to daughters-in-law. By applying SIT to intra-family dynamics, this study extends existing theory to examine how ambiguous identity and group membership shape in-law experiences. The findings highlight the need for more inclusive governance and integration strategies in family firms to prevent disengagement and conflict.

CÓDIGO JEL M19

PALABRAS CLAVE

Dinámicas de la empresa familiar, Integración de familiares políticos, Teoría de la identidad social, Dinámicas conflictivas.

Familiares políticos y dinámicas conflictivas en la familia empresaria

Resumen Este estudio explora las experiencias emocionales y relacionales de yernos y nueras de familias empresarias empresas familiares, un ámbito poco investigado en la literatura sobre empresa familiar. Partiendo de la Teoría de la Identidad Social (SIT), la investigación analiza si miembros políticos que trabajan en pymes familiares italianas experimentan un patrón recurrente de exclusión percibida, frustración identitaria y descontento profesional. A partir de los datos de encuesta de 158 personas con este perfil que trabajan en empresas familiares italianas, el estudio identifica una configuración multifactorial compuesta por cinco factores interrelacionados: percepción de trato injusto por parte del fundador y de los hermanos políticos miembros de la familia, frustración identitaria, insatisfacción profesional e intención de abandonar la empresa familiar. Estos factores están significativamente correlacionados entre sí y todos se asocian negativamente con la autoidentificación como miembro de la familia. También se observaron diferencias de género: los yernos reportaron mayores niveles de frustración y una autoidentificación familiar más fuerte que las nueras. Al aplicar la SIT a las dinámicas intrafamiliares, este estudio amplía el marco teórico existente y examina cómo la ambigüedad en la identidad y la pertenencia al grupo afecta la experiencia de los miembros políticos. Los resultados subrayan la necesidad de estrategias de gobernanza más inclusivas y de mecanismos de integración para prevenir el conflicto y el desapego en las empresas familiares.

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1. Introduction

Family businesses operate at the intersection of relational and organizational logics (Lansberg & Astrachan, 1994; Tagiuri & Davis, 1996). While the term “family business” is widely explored, the concept of a “business family”—a family involved in business through blood or marriage—remains under-conceptualized (Koerner & Fitzpatrick, 2002; Labaki et al., 2013). This distinction is especially salient when considering the position of in-laws, whose legal and psychological membership in the family is often contested (Koerner & Fitzpatrick, 2004).

In the Italian context, in-laws are employed in approximately 30% of family SMEs (Biasetti et al., 2009), yet their roles remain largely invisible in research. Their presence evokes ambivalence, especially amid high divorce rates, leading some families to view them as temporary or risky actors (Gersick et al., 1997; Lansberg, 1999). In-laws often perceive themselves as marginal or excluded, experiencing a lack of psychological belonging despite formal ties. Psychological literature underscores their search for validation and recognition (Saviet & Greif, 2021; Willson, Shuey & Elder, 2003), while also pointing to identity tensions and intergenerational conflict (Mismetti et al., 2023; Santiago, 2011).

Despite their relevance, the experiences of in-laws in family firms are rarely theorized or empirically investigated. Current literature tends to treat their struggles—unfair treatment, career limitations, exclusion from decision-making, identity conflict, and intentions to leave—as isolated issues (Greif & Woolley, 2021). Even if these experiences may form an interrelated psychological condition, no existing research has investigated them as a ‘*syndrome*’, i.e., a constellation of associated but distinct emotional and relational factors¹ (Calvo et al., 2003).

This study addresses a significant gap in the family business literature by investigating whether in-laws working in Italian family SMEs experience a recurring pattern of exclusion, frustration, and relational tension. It also examines whether this condition is linked to a lack of self-categorization as a family member, a central concept in Social Identity Theory (SIT) (Tajfel & Turner, 1986). While prior research has explored issues of organizational exclusion and justice (Colquitt et al., 2001; 2013), little attention has been given to how in-laws’ identity experiences contribute to systemic tensions within business families.

Guided by SIT, which posits that individuals derive part of their self-concept from their perceived group membership, influencing both behavior and well-being (Ashforth & Mael, 1989), this study offers a novel application of the theory to the context of business families. In these settings, the founder often embodies the organizational identity (Dyer, 1986; Ferrari, 2019a), while in-laws may struggle to gain recognition beyond their marital role (Saviet & Greif, 2021). When recognition is denied, this can result in psychological strain, marginalization, and relational conflict (Waldkirch, 2015).

Building on these insights, the study explores whether five key factors—perceived unfairness by the founder and siblings-in-law, identity frustration, career dissatisfaction, and intention to leave—are interrelated and underpinned by processes of social identity exclusion. However, reflecting the exploratory nature of this research, the study does not assume that all in-laws necessarily desire managerial roles, nor that feelings of exclusion universally result in conflict. Instead, it investigates how in-laws who perceive themselves as part of the business family experience emotional and relational challenges, which may vary across family cultures, governance models, and levels of involvement (Carmon et al., 2010; Waldkirch, 2015).

To explore these dynamics, the following research questions (RQs) guide the empirical investigation:

RQ1: To what extent do in-laws perceive themselves as family members within the business context (i.e., self-categorization)?

RQ2: How do in-laws perceive their treatment by the founder/entrepreneur, and does this perception relate to feelings of fairness or exclusion?

RQ3: How do in-laws experience their relationships with siblings-in-law, and do they perceive these interactions as equitable?

RQ4: Do in-laws feel that they are recognized and valued as individuals beyond their marital role, or do they experience identity frustration?

RQ5: In cases where in-laws are involved in the business, do they experience limitations in career advancement or role marginalization?

RQ6: Under what conditions do in-laws report a desire to withdraw or leave the family business?

Based on a quantitative survey of 158 in-laws working in Italian family SMEs, the findings reveal strong, positive correlations among the five factors, confirming the existence of a multifactorial pattern of perceived exclusion and frustration. Moreover, all these factors were found to

1. Notably, the use of *syndrome* does not imply pathology, disorder, or illness, but follows established scholarly precedent in management studies, such as Kaye’s (1992) seminal work on the “kid brother syndrome,” which referred to a recurrent relational pattern within family firms. In this vein, the present research identifies a similar multifactorial structure characterizing in-laws’ experiences of emotional and identity-based exclusion.

be negatively associated with self-categorization as a family member, supporting the central role of identity dynamics. The analysis also uncovered significant gender differences: sons-in-law reported higher levels of frustration and marginalization due to limited career opportunities, alongside stronger self-categorization as family members, whereas daughters-in-law appeared less affected, reflecting differing social expectations regarding their role within the family business.

This study makes several contributions. First, it empirically identifies and validates a previously underexplored pattern of *in-law marginalization dynamics*, characterized by interrelated perceptions of exclusion, identity frustration, and career dissatisfaction. Second, it positions SIT as a valuable framework to interpret identity-based conflict in family firms, expanding its application to intra-family relationships (Ferrari, 2025a). Third, the findings emphasize the importance of inclusive and fair organizational practices, suggesting that businesses must recognize and integrate in-laws to preserve emotional investment and reduce conflict. Finally, the study contributes to the emerging literature on micro foundations in family business research (De Massis & Foss, 2018; Ferrari, 2019b; Picone et al., 2021) by showing how individual identity dynamics can influence broader organizational outcomes.

2. Theoretical Background

Family business research has long acknowledged the complexity of roles at the intersection of kinship and organization (Lansberg & Astrachan, 1994; Tagiuri & Davis, 1996). The role of in-laws remains under-theorized and varies widely across contexts—while some are integrated into management or ownership, others are intentionally excluded due to cultural or strategic reasons (Gersick et al., 1997; Rosso, 2024). This study adopts an exploratory approach to examine how in-laws who are involved in the business perceive their roles, and whether their emotional experiences relate to self-categorization as family members (Saviet & Greif, 2021; Santiago, 2011). Recent work has renewed attention on conflict in organizations. Alvarado and Euwema (2024), similarly to Ferrari (2006; 2019b), identify four levels of conflict—intrapersonal, interpersonal, intragroup, and intergroup—emphasizing their interconnectedness. Intrapersonal conflict reflects internal tension; interpersonal conflict involves dyadic disagreements; intragroup conflict arises within teams or families; and intergroup conflict occurs between subgroups, such as branches of a family business. These dimensions are especially relevant to understanding in-law dynamics.

SIT (Tajfel & Turner, 1986) offers a valuable framework for analyzing these conflictual dynamics. According to SIT, individuals derive a significant part of their self-concept from their membership in social groups and the emotional value they assign to this belonging (Tajfel, 1981). In the context of family businesses, children-in-law often face challenges in fully integrating into the family group, as their status—whether as family members or outsiders—remains ambiguous. This uncertain identity can lead to exclusion, frustration, and strained relationships. For instance, when in-laws perceive their contributions as undervalued or their identity as not fully recognized, it can lead to feelings of injustice and marginalization, intensifying identity-based intrapersonal and interpersonal conflicts. The utility of SIT in family business research is well-established (e.g. Ferrari, 2025a). It has been applied to study issues of discrimination and identity, showing that perceptions of organizational justice and shared group identity enhance commitment and reduce conflict among non-family employees (Ferrari, 2025; Carmon et al., 2010). For children-in-law, SIT provides a robust theoretical lens to understand how their sense of belonging—or lack thereof—affects their relationships with family members and their role within the business. While some limitations exist, such as its reliance on subjective perceptions, SIT remains a promising approach for examining the intricate identity dynamics of in-laws in family firms (Waldkirch, 2015).

2.1. Conceptual foundations: Five interrelated factors

The literature suggests that in-laws in business families face a range of psychological and relational challenges, including perceived unfairness, strained interpersonal relationships, and unfulfilled identity aspirations. While these dynamics have often been examined independently, this study argues that they are in fact interdependent and recurring. To describe this pattern, the study adopts the term *syndrome*—used here in its academically neutral and descriptive sense to refer to a constellation of related but distinct phenomena that tend to co-occur (Calvo et al., 2003). The five key factors are:

1. Perceived unfair treatment by the founder/entrepreneur. SIT offers valuable insights also for understanding the socialization challenges faced by non-family members, particularly in-laws, within family businesses. According to SIT, individuals derive part of their identity from their social groups, influencing their behavior and interactions within the group (Tajfel & Turner, 1986). In family business contexts, the founder, as the central figure, embodies the family identity and

exerts considerable control over the business culture (Dyer, 1986; Ferrari, 2019a; 2023). This can create competition between in-laws and their parents-in-law, as in-laws may vie for resources, attention, and support for their spouse (Garcia et al., 2019; Ortiz, 2010).

As newcomers, in-laws may struggle to integrate fully, often viewed as outsiders by the founder and thus facing exclusion or marginalization (Friedman, 1991; Rosenblatt, 1994). The founder's attachment to the family business, coupled with concerns about preserving its legacy, can heighten tensions, as in-laws may be seen as potential disruptors (Gersick et al., 1997; Lansberg, 1999). In-laws frequently perceive themselves as undervalued, feeling they are treated less favorably than biological members (Poza & Messer, 2001; Schulze et al., 2003). This sense of inequity can undermine interactional justice (Colquitt et al., 2001; 2013), leading to interpersonal conflicts as in-laws challenge the founder's authority to assert their identity and gain acceptance.

2. Strained relationships with siblings-in-law.

SIT posits that individuals derive part of their identity from their social groups, leading to in-group favoritism and out-group discrimination (Tajfel, 1981). In family firms, in-laws often enter as outsiders, while siblings-in-law form the in-group, which can result in tension and intergroup conflict (Ferrari, 2006; Greif & Woolley, 2021; Willson et al., 2003). In-group members may see in-laws as threats to their social hierarchy, leading to exclusion from decisions and information, thereby fostering feelings of isolation among in-laws (Friedman, 1991; Rosenblatt, 1994; Saviet & Greif, 2021). Additionally, competition for resources and influence within the in-group can exacerbate conflicts, as brothers- and sisters-in-law may view in-laws as competitors for authority and career advancement (Lansberg, 1999; Sharma, 2004). Furthermore, differing loyalties and priorities between in-laws and siblings-in-law, such as family unity versus personal or spousal interests, can lead to intragroup conflicts within the business (Alvarado & Euwema, 2024; Gersick et al., 1997; Schulze et al., 2003). The emotional bonds between siblings, formed from childhood, further contribute to the psychological distance and mistrust towards in-laws, complicating their integration into family dynamics (Kidwell et al., 2013; Poza & Messer, 2001). These dynamics can diminish the perceived fairness and interactional justice among in-laws (Colquitt et al., 2001; 2013).

3. Frustration over career limitations. Research suggests that family businesses often display favoritism toward family employees, giving them preferential treatment and securing privileges that reinforce socio-emotional wealth (SEW)

(Cruz et al., 2014; Ferrari, 2019; 2025; Gómez-Mejía et al., 2007; Kellermanns et al., 2012; Samara & Arenas, 2017; Zientara, 2017). This favoritism creates a workplace environment where in-laws, despite their legal ties to the family, are perceived and treated as outsiders. As a result, in-laws often face limited career advancement, leading to psychological consequences such as frustration and resentment.

SIT explains these dynamics, as it emphasizes that individuals' self-concepts are deeply shaped by their group memberships, which influence behavior and emotional well-being (Tajfel & Turner, 1986). In-laws who identify as integral to the business may still find themselves confined to peripheral roles due to their non-blood-related status, undermining their professional identity and sense of belonging (Ashforth & Mael, 1989). This exclusion often worsens through social comparison—when in-laws observe central, influential roles being given to family members or even non-family employees, they perceive inequity, leading to deeper resentment. Thus, SIT highlights how intergroup conflictual dynamics in family businesses can perpetuate in-laws' marginalization, limiting their career paths and fostering negative emotions.

4. Identity dissatisfaction. Alderson (2015) notes that the acceptance of in-laws as true family members in family businesses is often contradictory. SIT helps explain the frustration in-laws feel when they are recognized only in relation to their marital status, rather than as individuals. Family psychology suggests that in-laws are often primarily categorized by their in-law status, rather than their own skills or identities, which limits their personal recognition and can lead to frustration and *intrapersonal* conflict (Greif & Woolley, 2021; Saviet & Greif, 2021; Willson et al., 2003).

In the business context, this limited recognition compromises their sense of belonging, as they are not fully valued for their unique contributions (Marler et al., 2019). When in-laws identify with the business family, they seek validation, but their self-esteem can suffer if they are valued only through their marriage connection rather than their professional achievements. This gap between their personal identity and the imposed family role intensifies frustration. Furthermore, social comparison within the family business can deepen feelings of inequity if in-laws perceive other family members are more valued for their contributions, leading to resentment (Greif & Woolley, 2021; Waldkirch, 2015).

5. Intention to leave or 'betray' the family business. Finally, research shows that non-family members in family businesses often face disparities in career growth, training, and salaries, lead-

ing to a higher intention to leave (Ferrari, 2025; Kim & Marler, 2022). This aligns with psychological findings that lack of such appreciation within family businesses can lower in-laws' self-esteem and motivation, pushing them to find fulfillment outside the organization. Preserving employees' emotional investment is crucial, as it enhances engagement, resilience, and organizational citizenship behaviors, and supports well-being (Beer, 2023; Lee & Ok, 2012; Ngo et al., 2023; Shulga & Busser, 2024).

When individuals feel excluded or inadequately integrated into a group, their loyalty and commitment wane, increasing their likelihood of leaving or undermining the organization (Ashforth & Mael, 1989; Ellemers et al., 1999; Hogg & Terry, 2000). Kidwell et al. (2013) illustrate that failure in socialization can even lead family members to act against family interests, displaying opportunistic behavior that harms the business. Thus, fostering inclusion and recognition is essential for retaining and motivating all members.

These five factors, though distinct, are often observed together in in-laws' experiences and thus form the basis of a conceptual **syndrome**—a pattern of interrelated factors pointing to deeper psychological and relational exclusion (Calvo et al., 2003; APA, 2013).

2.2. Hypothesis development: Social identity theory and the syndrome

SIT (Tajfel & Turner, 1986) provides conceptual scaffolding to connect the five factors described above. According to SIT, individuals derive a significant portion of their self-concept from group memberships. When group boundaries are ambiguous or when group members feel excluded, psychological distress can ensue (Ashforth & Mael, 1989; Ellemers et al., 1999).

In the context of family businesses, in-laws occupy a liminal space: formally included through marriage but often excluded in terms of psychological recognition and strategic involvement (Alderson, 2015; Koerner & Fitzpatrick, 2004). When they are denied full membership, their social identity becomes fragmented, leading to emotional withdrawal and conflict (Carmon et al., 2010; Waldkirch, 2015).

The first hypothesis focuses on the internal structure of the proposed syndrome:

H1: Among in-laws who are involved in the family business, the five factors—(1) perceived unfair treatment by the founder, (2) perceived unfair treatment by siblings-in-law, (3) identity frustration, (4) career dissatisfaction, and (5) intention to leave—are expected to show significant and positive correlations, indicating a recurring pattern of interrelated emotional and relational experiences.

The second hypothesis examines the etiological

mechanism underlying the syndrome, which is the in-law's failure to self-categorize as a family member:

H2: The self-categorization of in-laws as family members is negatively correlated with all five factors constituting the syndrome. That is, lower levels of perceived family identity are associated with higher levels of injustice, frustration, and intention to leave.

Together, these hypotheses aim to empirically validate the notion that in-laws' experiences of exclusion, injustice, and identity fragmentation are interrelated and rooted in the failure of social identity integration.

3. Research

3.1. The research context

Italy serves as an ideal setting for this research due to its strong tradition of family-owned businesses, cultural emphasis on family ties, and unique socio-economic dynamics. Family businesses dominate the Italian economy, accounting for over 85% of private firms (AIDAF, 2024), with small and medium-sized enterprises (SMEs) particularly reliant on familial relationships. Within this context, in-laws play a significant role, often comprising up to 30% of employees (Biasetti et al., 2009), yet their ambiguous status as “outsiders” by birth and “insiders” through marriage makes their position particularly complex. Italian culture's emphasis on tradition and hierarchical family structures (CENSIS, 2024) amplifies expectations placed on in-laws while also fostering implicit exclusion. Founders' authority and rigid family boundaries can lead to perceptions of unfairness, identity struggles, and relational tensions. These dynamics are further heightened in SMEs, where informal governance and reliance on personal relationships can exacerbate exclusionary practices. By focusing on Italy, this research provides a culturally relevant yet globally applicable exploration of identity, fairness, and relational challenges. It offers insights into dynamics that resonate in family-centric economies worldwide, particularly in multi-generational family businesses.

3.2. Sampling process

This study employed a **non-probability purposive sampling** strategy, targeting Italian family SMEs that included at least one son- or daughter-in-law working in the firm. The data collection was conducted in collaboration with the national young entrepreneurs' association “Gruppo Giovani Confindustria,” which provided access to a broad network of family firms. An initial email

was sent to 1,200 family businesses within the association's database. This first wave aimed at identifying firms meeting the following three criteria: (1) a single family owns at least 50% of the business, (2) the family retains control over strategic decision-making, and (3) at least one in-law (son- or daughter-in-law) is actively involved in the business.

From this screening, 265 firms met the criteria and were contacted in a second round to obtain consent from the in-laws to participate in the study. Among these, 192 in-laws agreed to receive the questionnaire. After administering the anonymous survey via Qualtrics, 158 complete and valid responses were collected, yielding a response rate of 82.3% based on the final pool of eligible participants, but approximately 13.2% relative to the original list of firms contacted. Data collection took place between January and March 2024.

It is important to note that the sampling process may involve self-selection bias, as participation depended on the willingness of both firms and in-laws to engage with the topic. In-laws experiencing stronger emotional responses—either positive or negative—may have been more inclined to participate. This potential bias is acknowledged in the limitations and suggests that the findings reflect the experiences of those in-laws who are more involved or invested in their roles within the family firm.

3.3. Variables and measuring tools

Each variable in the study was measured using either validated instruments (e.g., Colquitt et al.'s interpersonal justice scale (2001); Ellemers et al.'s self-categorization scale (1999)) or ad hoc 3-item scales developed for this research. For all scales, higher scores indicate greater intensity of the measured construct—for instance, higher scores on the identity frustration scale reflect stronger feelings of being recognized only as a spouse, while higher scores on the interpersonal justice scales indicate more positive perceptions of fair treatment. Responses were collected on a 6-point Likert scale (1 = Strongly disagree / To a very small extent; 6 = Strongly agree / To a very large extent), and internal consistency was confirmed via Cronbach's alpha. Example items for each scale are provided in the manuscript, while full instruments are not included due to copyright restrictions.

Independent variable

Self-categorization (SC): Measured using the Italian version of the 3-item subscale by Ellemers et al. (1999), capturing perceived psychological inclusion in the family. *Example item*: "I feel part of the family involved in the business." Cron-

bach's $\alpha = 0.77$

Dependent variables (five syndrome factors)

Perceived unfair treatment by the founder (TUF): Measured using the interpersonal justice subscale from Colquitt (2001), adapted for family business settings. *Example item*: "To what extent has the founder treated you with respect?" Cronbach's $\alpha = 0.77$

Perceived unfair treatment by siblings-in-law (TUBS): Measured using the same Colquitt (2001) interpersonal justice scale, adapted for sibling-in-law interactions. *Example item*: "To what extent have your siblings-in-law treated you with respect?" Cronbach's $\alpha = 0.77$

Career frustration (CF): Measured with a 3-item ad hoc scale focusing on perceived limitations and marginalization in career roles. *Example item*: "I feel that my career prospects in the family business are limited compared to other family members." Cronbach's $\alpha = 0.85$

Identity frustration (IF): Measured with a 3-item ad hoc scale assessing the perceived lack of recognition beyond marital status. *Example item*: "I often feel that my personal identity is overshadowed by my role as an in-law." Cronbach's $\alpha = 0.87$

Intention to leave (ITL): Measured with a 3-item ad hoc scale examining the willingness to exit or disengage from the business. *Example item*: "Have you ever seriously considered leaving the organization?" Cronbach's $\alpha = 0.91$

Control variables

The following control variables were included: Gender of the in-law, gender of the founder/incumbent, generation of the owning family, firm size, sector, number of family members active in the business, and age of the respondent.

In this research, *gender* refers to socially constructed roles, behaviors and identities of women, men and gender-diverse people that occur in a historical and cultural context and may vary across societies and over time. Gender influences how people view themselves and each other, how they behave and interact and how power is distributed in society. Table 1 presents a synopsis of the variables used in the study.

Table 1. Description of variables used in the

study

Variable	Description	Measurement
Self-Categorization (SC)	Perceived belonging as a family member within the business	3-item scale (Ellemers et al., 1999)
Perceived Unfairness by Founder (TUF)	Perceived unfair treatment by the founder/entrepreneur	4-item interpersonal justice scale (Colquitt et al., 2001) adapted to founder
Perceived Unfairness by Siblings-in-Law (TUBS)	Perceived unfair treatment by siblings-in-law	4-item interpersonal justice scale (Colquitt et al., 2001) adapted to siblings-in-law
Identity Frustration (IF)	Perception of being valued only through marital ties	3-item ad hoc scale
Career Frustration (CF)	Perceived limitation of career opportunities and peripheral roles	3-item ad hoc scale
Intention to Leave (ITL)	Desire or intention to withdraw from the family business	3-item ad hoc scale

3.4. Statistical approach

To assess the validity of the constructs and minimize bias, several statistical procedures were employed: **Common Method Bias (CMB)** was evaluated through Harman's single-factor test and a confirmatory one-factor model. **Confirmatory Factor Analysis (CFA)** was approximated through a one-factor model assessing whether all six key variables (SC and the five dependent factors) represented distinct constructs. **Regression Analysis: linear regressions** were used to estimate the effect of SC on each of the five dependent variables (TUF, TUBS, IF, CF, ITL), while **controlling for individual- and firm-level characteristics**. **MANOVA and Post-Hoc Tests:** Additional multivariate tests (Pillai's Trace) were used to examine the influence of gender, generational position, founder's gender etc. **Correlation Analysis** was retained to assess the interdependence of the five factors, consistent with standard procedures in identifying syndrome-like patterns (APA, 2013; Leucht, 2006).

This multi-method approach ensures robustness and theoretical alignment with the study's goal of identifying a multifactorial pattern linked to social identity dynamics in business families.

4. Findings

To assess the potential presence of **CMB** in the data, multiple diagnostic tests were conducted. First, **Harman's single-factor test** indicated that a single factor accounted for **58.48% of the total variance**, exceeding the common 50% threshold and suggesting potential CMB. However, further inspection of the factor loadings revealed that **SC**—the independent variable—did not dominate

the shared variance, showing a moderate loading of 0.405 alongside similarly weighted dependent variables.

Furthermore, a CFA approximation using a one-factor model revealed that SC loaded negatively (-1.03) on the latent factor, while all dependent variables loaded positively, suggesting SC is distinct from the shared method-driven variance. Taking together, while some common method variance is present, the pattern of results indicates that SC's role as a predictor is not artificially inflated by CMB, and its effects can be interpreted with greater confidence.

The most critical factor is the perception of being treated (un)fairly by the founder/entrepreneur - TUF (3.36/6), followed by frustration at their identity - IF (3.32/6), frustration for limited career and peripheral position in the business - CF (3.23/6), and finally relationship with brothers/sisters-in-law - TUBS (3.18/6, although not all have brothers/sisters - in-law active in the company). However, the descriptive statistics show a rather dispersed distribution, with a std deviation that is on average 35% of the mean itself. Therefore, the mean value of each factor is strongly affected by the extreme individual situations of the respondents (outliers). Table 1 summarizes the descriptive statistics.

Table 2. Descriptive statistics

	Valid	Missing	Mean	Std. tion	Devia- tion	Minimum	Maximum
TUF	158	0	3.300	1.080	1.000	1.000	6.000
TUBS	72	0	3.180	0.980	1.000	1.000	6.000
IF	158	0	3.320	1.080	1.000	1.000	6.000
CF	158	0	3.230	1.210	1.000	1.000	6.000
ITL	158	0	3.300	1.770	1.000	1.000	6.000
SC	158	0	3.620	1.290	1.000	1.000	6.000

TUF= perception of being treated (un)fairly by the founder/entrepreneur; TUBS= perception of being treated (un)fairly by the brothers/sisters in law; IF= frustration at their identity; CF= frustration for limited career and peripheral position in the business; ITL= intention to leave/ 'betray'; SC= self-categorization as family member

A MANOVA analysis was conducted using a series of Pillai's Trace tests to examine whether the main study variables varied significantly according to demographic and firm-level characteristics. The analysis revealed no significant differences for generation ($p = 0.392$), gender of the founder/incumbent ($p = 0.762$), firm size ($p = 0.611$), sector ($p = 0.539$), number of family members involved ($p = 0.683$), or respondent age ($p = 0.474$). The results showed statistically significant differences only between sons-in-law and daughters-in-law. Specifically, sons-in-law reported higher levels of perceived (un)fair treatment by brothers- and sisters-in-law—TUBS (3.3 vs. 2.8, $p = 0.005$)—and greater frustration due to limited career opportunities and a peripheral position in the business—CF (3.5 vs. 2.4, $p < 0.001$). Addi-

tionally, sons-in-law demonstrated higher levels of self-categorization as family members—SC (3.8 vs. 3.2, $p = 0.002$).

These results answer the RQs by showing that, within this sample of Italian family SMEs, all the constitutive factors of in-law marginalization dynamics are present with mean values systematically above the scale midpoint (3/6), suggesting a recurring pattern in some cases. The One-Sample Student's T-Test shows that the differences in means between the factors (TUF: $t=39.182$, $p<.001$; TUBS: $t=40.188$, $p<.001$; IF: $t=38.474$, $p<.001$; CF: $t=33.654$, $p<.001$; ITL: $t=23.425$, $p<.001$) are significant, so the factors are statistically independent.

To test H1, a correlational analysis was carried out, which is reported in Table 2.

Table 3. General correlation matrix

Variable	TUF	TUBS	IF	CF	ITL	SC
TUF	—					
TUBS	0.458***	—				
IF	0.772***	0.478***	—			
CF	0.521***	0.583***	0.738***	—		
ITL	0.543***	0.297***	0.334***	0.202*	—	
SC	-0.794***	-0.356***	-0.557***	-0.312***	-0.386***	—

TUF= perception of being treated (un)fairly by the founder/entrepreneur ; TUBS= perception of being treated (un)fairly by the brothers/sisters in law; IF= frustration at their identity; CF= frustration for limited career and peripheral position in the business; ITL= intention to leave/'betray'; SC= self-categorization as family member

* $p < .05$, ** $p < .01$, *** $p < .001$

The five factors show a reciprocal and significant correlation. The probability that each factor is associated with all the others is therefore very high, and this confirms the multifactorial structure constituted by distinct but correlated factors in the in-laws sample. In this in-laws sample, the factors considered show systematically positive correlations with intensity ranging from a minimum of $r=-0.202^*$ between frustration for limited career and peripheral position in the business and intention to leave/‘betray’ to a maximum of $r=-0.772^{***}$ between the perception of being treated (un)fairly by the founder/entrepreneur and frustration at their identity. H1 is thus supported.

Furthermore, all factors are significantly and negatively correlated with SC - self-categorization as a family member, ranging from $r=-0.794^{***}$ of the correlation between SC and resentment to the

founder/entrepreneur, to $r=-0.312^{***}$ of the correlation between self-categorization and frustration for limited career and peripheral position.

To examine the predictive power of SC on key outcome variables, a series of simple linear regressions were conducted. SC was found to significantly and negatively predict all five outcome variables. The strongest relationship emerged between SC and TUF, with a regression coefficient of -0.66 and an R^2 of 0.63, indicating that SC alone explains 63% of the variance in TUF. Similarly, SC predicted IF with a coefficient of -0.47 and R^2 of 0.31. For ITL, PF, and TUBS, SC showed weaker yet still statistically significant effects, with R^2 values of 0.15, 0.10, and 0.13, respectively. All relationships were statistically significant at $p < 0.001$. This result shows that H2 is also supported. Table 4 shows regression result.

Table 4. Results of the regression analysis

Dependent Variable	Regression coefficient (B)	R^2	RMSE	F-statistic	p-value
Perceived Unfairness by Founder (TUF)	-0.66	0.63	0.47	262.57	< 0.001
Identity Frustration (IF)	-0.47	0.31	0.61	69.34	< 0.001
Intention to Leave (ITL)	-0.39	0.15	0.72	27.91	< 0.001
Career Frustration (CF)	-0.39	0.10	0.79	18.32	< 0.001
Perceived Unfairness by Siblings-in-Law (TUBS)	-0.36	0.13	0.70	23.46	< 0.001

5. Conclusion

5.1. Discussion

This study provides empirical support for a recurring pattern of interrelated emotional and relational challenges experienced by in-laws in family businesses—defined here as in-law marginalization dynamics. Using correlational and regression analyses, the results confirm that five distinct factors—perceived unfairness by founders and siblings-in-law, identity frustration, career dissatisfaction, and intention to leave—frequently co-occur and are negatively associated with self-categorization as a family member, supporting both H1 and H2.

Strong correlations among the five factors (e.g., TUF and IF, $r = 0.772^{***}$) support the existence of a multifactorial structure. While only 5% of respondents displayed high levels across all dimensions, a broader pattern of moderate frustration

emerged, with mean scores exceeding the midpoint (3/6) for all variables. The findings reinforce prior work showing how exclusion from decision-making and recognition (Dyer, 1986; Greif & Woolley, 2021) can result in perceived injustice and emotional detachment (Colquitt et al., 2001, 2013). In-laws reporting conflict with siblings-in-law also tended to express stronger desires for validation from the founder, intensifying identity and career-related frustration. These results highlight how relational tensions operate in reinforcing cycles, undermining both emotional well-being and organizational commitment (Ngo et al., 2023; Schulze et al., 2003).

Findings related to SC reveal that in-laws who fail to perceive themselves as true family members are more likely to experience marginalization and dissatisfaction, supporting H2. SC was found to strongly and negatively predict all five outcome variables, with particularly strong effects on perceived unfairness from founders ($R^2 =$

0.63) and identity frustration ($R^2 = 0.31$). These results align with the SIT (Tajfel & Turner, 1986), which emphasizes the psychological costs of ambiguous group membership and the protective role of strong identification. Notably, only 15% of respondents reported high levels of family identification, reinforcing the idea that most in-laws remain in a liminal identity space (Koerner & Fitzpatrick, 2004; Alderson, 2015).

This ambiguity contributes to internal tensions (intrapersonal conflict) and external conflict, such as strained interpersonal and intragroup dynamics, as previously suggested by Alvarado and Euwema (2024), Ferrari (2006; 2025). The findings suggest a negative cycle, where lower self-categorization amplifies perceptions of exclusion and frustration, which in turn erode organizational commitment and increases the intention to exit (Kidwell et al., 2013; Shulga & Busser, 2024). At the same time, in line with the assumptions of SIT, which acknowledges that group identification is dynamically shaped by social experiences (Tajfel, 1981; Ashforth & Mael, 1989), the data also suggest a reverse pathway may exist. Additional analyses were conducted to explore whether the five negative experiences might in turn predict SC as an outcome. Results revealed that perceived unfairness by the founder (TUF) was the only factor to show a strong and significant predictive power on SC ($R^2 = 0.63$, $B = -0.66$, $p < 0.001$), while the other variables (TUBS, IF, CF, ITL) displayed weaker associations and higher residual errors. This suggests that while SC acts as a protective factor, particularly in shielding against unfairness and frustration, direct experiences of exclusion—especially when involving the founder—may critically undermine identification. These findings point to a vicious cycle, whereby low identification heightens vulnerability to perceived injustice and marginalization, while perceptions of unfair treatment, particularly by key authority figures, further weaken in-laws' identification with the family business. This reinforces the view of SC and exclusion dynamics as mutually reinforcing processes within the social fabric of the business family, consistent with the SIT's emphasis on the fluidity and situational sensitivity of group identification processes.

Gender emerged as the only significant moderator in MANOVA analyses. Sons-in-law reported higher career frustration (3.5 vs. 2.4, $p < 0.001$), stronger feelings of exclusion from siblings-in-law (3.3 vs. 2.8, $p = 0.005$), and higher levels of self-categorization (3.8 vs. 3.2, $p = 0.002$). These results reflect differing role expectations and socialization: sons-in-law are more likely to seek career recognition, while daughters-in-law often assume supportive roles and report lower

identity tension (Faniko et al., 2022; Mismetti et al., 2023). As such, unfulfilled aspirations among sons-in-laws intensify feelings of injustice and emotional detachment.

Drawing from Alvarado and Euwema's (2024) framework and from the SIT, this study identifies multiple levels of conflict: intrapersonal (identity tensions), interpersonal (differential treatment), intragroup (exclusion by core family members), and intergroup (us vs. them dynamics). In-laws' ambiguous group status exposes them to systemic exclusion, which manifests across these levels. These dynamics reinforce a cycle of marginalization, especially when informal power structures and blood-based alliances dominate family firm governance, fostering family cohesion (Ferrari, 2019; 2019b).

By applying the SIT across these interconnected levels, the study offers a comprehensive explanation for how in-laws' perceived lack of belonging escalates into broader relational and organizational tensions—highlighting the need for inclusive practices and recognition to prevent disengagement and conflict.

5.2 Contributions

5.2.1 Theoretical contributions

This study contributes to the growing literature on family business dynamics by advancing both theoretical understanding and empirical investigation of in-law integration. First, it introduces the concept of in-law marginalization dynamics, a multifactorial pattern characterized by identity frustration, perceived injustice, role dissatisfaction, and withdrawal intention among in-laws involved in the family business. Rather than pathologizing these experiences, the study treats them as a recurring configuration of interrelated challenges—reflecting deeper relational and psychological dynamics within family firms.

Building on the SIT by Tajfel and Turner (1986), this study provides a novel application of this framework to analyze in-laws' subjective positioning within the family business system. It reveals how the lack of clear group membership can produce identity tensions and emotional detachment, especially when in-laws are not recognized as legitimate organizational insiders. The study demonstrates that **low self-categorization as a family member significantly predicts** in-laws' perceived injustice, identity dissatisfaction, and intent to exit—offering robust support for SIT in intra-family organizational settings.

Second, the findings address the call for **micro-foundational perspectives** in family business research (De Massis & Foss, 2018), showing how individual-level psychological mechanisms—such as

perceived fairness and identity integration—can shape organizational outcomes. This adds depth to the concept of *familiness* (Habbershon et al., 2003) by illustrating how the failure to integrate in-laws into the family's psychological and social fabric can undermine cohesion and compromise the firm's competitive advantage.

Third, the study contributes to the research on organizational conflict by empirically mapping multi-level tensions involving in-laws—ranging from intrapersonal struggles to intragroup and intergroup dynamics (Alvarado & Euwema, 2024; Ferrari, 2006; 2025). By applying the SIT across these levels, it connects individual identity processes with broader organizational behavior, enriching our understanding of conflict escalation and resilience in family businesses.

Fourth, the research expands the gender in family business literature. By identifying significant differences between sons-in-law and daughters-in-law—particularly regarding career frustration and self-categorization—the study underscores how gendered expectations shape in-law experiences. Sons-in-law reported greater frustration over marginal roles and a stronger desire for inclusion, while daughters-in-law reported lower identity strain, consistent with traditional role assignments (Faniko et al., 2022; Mismetti et al., 2023). This insight supports further integration of gender-sensitive approaches into the study of business family dynamics.

Finally, the study revisits the classic theme of outsider/insider boundaries (Koerner & Fitzpatrick, 2004; Shepherd & Haynie, 2009), suggesting that even legal or marital ties do not guarantee psychological integration. In-laws often operate in liminal zones, and their unrecognized contributions may generate a sense of “earned but denied” membership—contributing to disengagement, hidden resentment, or even strategic opposition (Kidwell et al., 2013; Lefkowitz, 2023). By framing these dynamics through SIT and organizational justice theory, the study encourages a re-evaluation of inclusion practices in family governance and HR.

5.2.2 Managerial implications

The findings carry important practical implications for family business owners, managers, consultants, and other stakeholders. First, they shed light on a category of employees—sons- and daughters-in-law—who are often formally involved but psychologically excluded from the core family group. This exclusion can result in reduced emotional investment, latent conflict, and ultimately, higher turnover risk. Family business owners should recognize that informal power structures and exclusive decision-making norms may unintentionally marginalize in-laws, creat-

ing systemic tension that undermines long-term stability.

To counter this, leaders should consider implementing inclusive onboarding processes for in-laws, clearly communicating expectations and offering opportunities for professional growth. Simple measures such as formal mentoring, transparent performance evaluations, and role clarity can help align in-laws' self-perception with organizational expectations, reducing ambiguity and emotional strain. Additionally, offering strategic roles or projects that acknowledge in-laws' individual skills—rather than treating them solely through their marital ties—can enhance their identity satisfaction and loyalty to the firm. Second, the research is particularly relevant for succession planning and governance design. Many conflicts linked to in-laws stem from unclear boundaries regarding leadership roles and influence. Establishing explicit policies around participation, voting rights, or succession criteria can mitigate hidden resentment or perceived favoritism. While some firms opt to exclude in-laws entirely from ownership or leadership, this study suggests that such exclusion may backfire unless accompanied by transparent rationale and alternative forms of inclusion or compensation (Rodríguez-García & Menéndez-Requejo, 2023; Rosso, 2024).

For managers, the results emphasize the need to monitor signs of disengagement among in-laws—such as withdrawal, silence in meetings, or informal complaints—and treat these as indicators of deeper identity-based tensions. Proactive engagement strategies, including regular check-ins, career development conversations, and team integration efforts, can reduce marginalization and foster long-term commitment.

Consultants and family business advisors can use this study's validated framework to develop diagnostic tools for identifying in-law-related relational risks. These tools can inform interventions such as mediation, facilitated conversations, or family governance training that emphasizes emotional intelligence and inclusive leadership.

Finally, policy makers and industry associations supporting family businesses—especially in economies dominated by SMEs—may consider promoting guidelines and training focused on relational inclusion and identity management. Addressing these subtler dimensions of family business functioning can enhance not only organizational resilience but also intergenerational continuity and emotional well-being.

In summary, the study offers a practical roadmap for fostering healthier, more inclusive family business environments where in-laws can thrive—not only as contributors but as valued members of the organizational family.

5.3. Limitations and future research

This study offers important insights into the emotional and relational experiences of in-laws in family businesses, but it also carries several limitations that should be acknowledged when interpreting the findings. First, the sampling method involved a non-probability purposive approach, in which in-laws were recruited through their participation in selected family firms. While this strategy allowed for targeted access to a specific respondent group, it also introduces a potential self-selection bias. In-laws who chose to participate may have stronger emotional reactions—positive or negative—than those who declined, possibly skewing the results toward more engaged or dissatisfied individuals. The response rate among eligible participants was high (82.3%), but participation was contingent on the willingness of both firms and in-laws, which may limit the representativeness of the sample. Second, although several procedural and statistical checks were performed to reduce common method bias (e.g., Harman's single-factor test, CFA), the use of self-report measures collected through a single survey instrument does create potential for bias due to shared method variance. Future studies could benefit from triangulating survey data with interviews, observational data, or third-party evaluations (e.g., founders, HR managers). Third, the cross-sectional design of the study limits its ability to assess causality. While associations between variables are significant and theoretically grounded, the directionality of influence (e.g., whether identity frustration leads to lower self-categorization or vice versa) remains to be confirmed through longitudinal or experimental research designs. Fourth, this study focused on SMEs to maintain a simpler relational structure. However, examining more complex family business contexts, such as cousin consortia with multiple family lineages (Gersick et al., 1997), could reveal further relational dynamics. Future research should investigate the syndrome's presence and dynamics in such multi-lineage settings. Fifth, the study is situated within a specific cultural and organizational context—Italian family SMEs—where familial involvement is often high and traditional role expectations may persist. This limits the generalizability of the findings to other national or organizational contexts with different governance structures, cultural norms, or gender dynamics. Cross-cultural replications or comparative studies would help assess the robustness of these dynamics in diverse environments. Sixth, while the study addresses gender differences, it does not fully explore the intersection of gender, power, and generational position in shaping in-law experiences. Further research could expand on how these factors in-

teract, particularly as more family firms transition to inclusive or multigenerational leadership models. Finally, the cross-sectional design of this study prevents establishing the directionality of the observed relationships. While both theoretical assumptions and empirical analyses suggest potential reciprocal influences between SC and the five negative experiences, future research employing longitudinal or cross-lagged designs would be necessary to clarify the temporal sequencing and explore possible feedback loops between identification and experiences of exclusion and frustration.

In sum, while this study provides a theoretically grounded and empirically supported contribution to the understanding of in-law dynamics in family businesses, its findings should be interpreted with caution and contextual sensitivity. Future research is encouraged to build on this foundation with broader samples, multi-method designs, and refined constructs that reflect the full diversity of roles and experiences within business families.

Conflict of interest statement

The author declares no conflicts of interest.

Ethical statement

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

Declaration on the Use of Generative AI in the Writing Process

The author declares that no generative artificial intelligence (AI) tools were used in the writing or editing of this manuscript. All content was solely produced by the author, based on his original research, analysis, and interpretation.

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Data availability statement

The data that support the findings of this study are openly available in 'OSF' at https://osf.io/g74bv/?view_only=c4a1e177069e44a39bef636474bfe73b

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Toward a Theoretical Model of Shared Leadership and Innovation in Family Business

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Abstract We advocate shared leadership as a key mechanism for unlocking innovation in family businesses. Family businesses, however, typically emphasize hierarchical leadership, reflecting the family power structure, which can pose challenges for successful innovation by limiting resources and knowledge sharing between family and non-family members. Shared leadership, enabled by both empowering from formal hierarchical leaders, as well as self-leadership practices across the organization, can help to overcome this challenge by leveraging the familiness, and related social capital, present in family businesses. Exploring the impact of shared leadership on innovation, familiness and social capital are proposed to improve innovation in the family business. Shared leadership is proffered as a potentially powerful tool for tapping the potential of familiness, enhancing bridging ties, and building bonding ties, contributing to resources and knowledge sharing between familial and non-familial members. Theoretical implications, future research directions and implications for managerial practice are presented.

CÓDIGO JEL

M1

PALABRAS CLAVE

Liderazgo compar-
tido, Innovación,
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Empresa familiar,
Familiness

Hacia un modelo teórico de liderazgo compartido e innovación en la empresa familiar

Resumen Aunque las empresas familiares tienen a un liderazgo jerárquico, reflejo de la estructura de poder familiar, defendemos el liderazgo compartido como un mecanismo clave para fomentar la innovación en estas empresas, ya que el modelo jerárquico puede dificultar el éxito de los procesos de innovación al limitar el intercambio de recursos y conocimientos entre miembros familiares y no familiares. El liderazgo compartido surge tanto del empoderamiento de los líderes jerárquicos formales como de las prácticas de autoliderazgo en la organización. Nuestro estudio propone que la familiaridad (*familiness*) y el capital social, elementos característicos de las empresas familiares, pueden desempeñar un papel fundamental en la mejora de la capacidad innovadora de estas organizaciones. El liderazgo compartido se presenta como una herramienta potencialmente poderosa para aprovechar el valor de la familiaridad, fortalecer los lazos de unión y de conexión, promoviendo así el intercambio de recursos y conocimientos entre miembros familiares y no familiares. Finalmente, se discuten las implicaciones teóricas, futuras líneas de investigación y consideraciones para la práctica directiva.

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1. Introduction

The primary purpose of this manuscript is to shed light on the role of shared leadership in the development of innovation in family businesses. Family businesses offer a unique setting to explore the relationship between shared leadership and innovation. The organizational structure and decision-making processes in family firms, for instance, often reflect the more traditional family structure, incorporating similar power dynamics (Sharma, 2004; Sharma et al., 1997; Zellweger et al., 2010). Everyday operations are influenced by long-standing family ties due to a tendency toward adhering to family dominated decision-making and governance, having both positive and negative impacts (Sharma, 2004). In addition to recreating family dynamics, family businesses are also faced with the opportunity or challenge of engaging both familial and non-familial members in successful business operations.

Scholars have long argued that effective leadership is a critical component of organizational life (Cohen & Ledford, 1994; Cordery et al., 1991), citing empowering leadership, shared leadership and self-leadership as necessary precursors to successful organizational performance (Pearce, 2004; Pearce & Manz, 2005; Stewart & Barrick, 2000; Stewart et al., 2011). Formal leaders in family businesses may engage in a variety of leadership strategies, with different implications. Shared leadership, being relational in nature (Wassenaar et al., 2025) and having been linked to supporting innovative behavior (Hoch, 2013), offers a pivotal theory to explore innovation by focusing on relational ties inherent to family businesses. Focusing on family businesses, we propose that shared leadership positively influences innovation by improving resource and knowledge sharing between familial and non-familial members.

Innovation and innovative capacity within firms relies on the ability to combine and exchange resources, including knowledge, creating new sources of value, leading to strategic competitive advantages (Moran & Ghoshal, 1996). Family businesses present a specific challenge to effective innovation (Aparicio et al., 2019), due to a distinction between familial and non-familial organizational members. However, formal leadership plays an important role in innovation processes (Jung et al., 2003; Rosing et al., 2011) and shared leadership, more specifically, is positively associated with innovative behavior in teams (Hoch, 2013). Shared leadership, more precisely, involves the “dynamic interactive influence process among individuals in groups for which the objective is to lead one another to the

achievement of group or organizational goals” (Pearce & Conger, 2003, p.1).

Relational dynamics of influence in family businesses offer a distinctive context to understand how shared leadership impacts innovation. Innovation relies on communication, exchanging knowledge, and combining resources in new ways, which poses challenges in the family business between family members and non-family members. The “familiness” reflected in the relational structures in family businesses (Habbershon & Williams, 1999; Pearson et al., 2008) influences the building of trust due to the nature of pre-established, long-standing relationships (De Massis et al., 2016), which in turn promotes sharing of knowledge and resources (Arregle et al., 2007). The feelings of closeness and trust inherent in familiness are not to be confused with blind acceptance of others—familiness and accountability can and do coexist. With that said, an over-reliance on knowledge and resources within the family network can prevent growth due to a lack of knowledge around product desirability and progressive practices. Due to both the strengths and weaknesses that family businesses must contend with based on the nature of familial structural relationships, family business is an important case to explore how elements of empowering, shared and self-leadership might materially alter an organization’s innovative outcomes, specifically exploring the role of shared leadership and social capital. Below we articulate a theoretical model, building propositions (cf. Arvey & Ivancevich, 1980; Cornelissen, 2017, 2023), linking such dynamics to the development of innovation in family business.

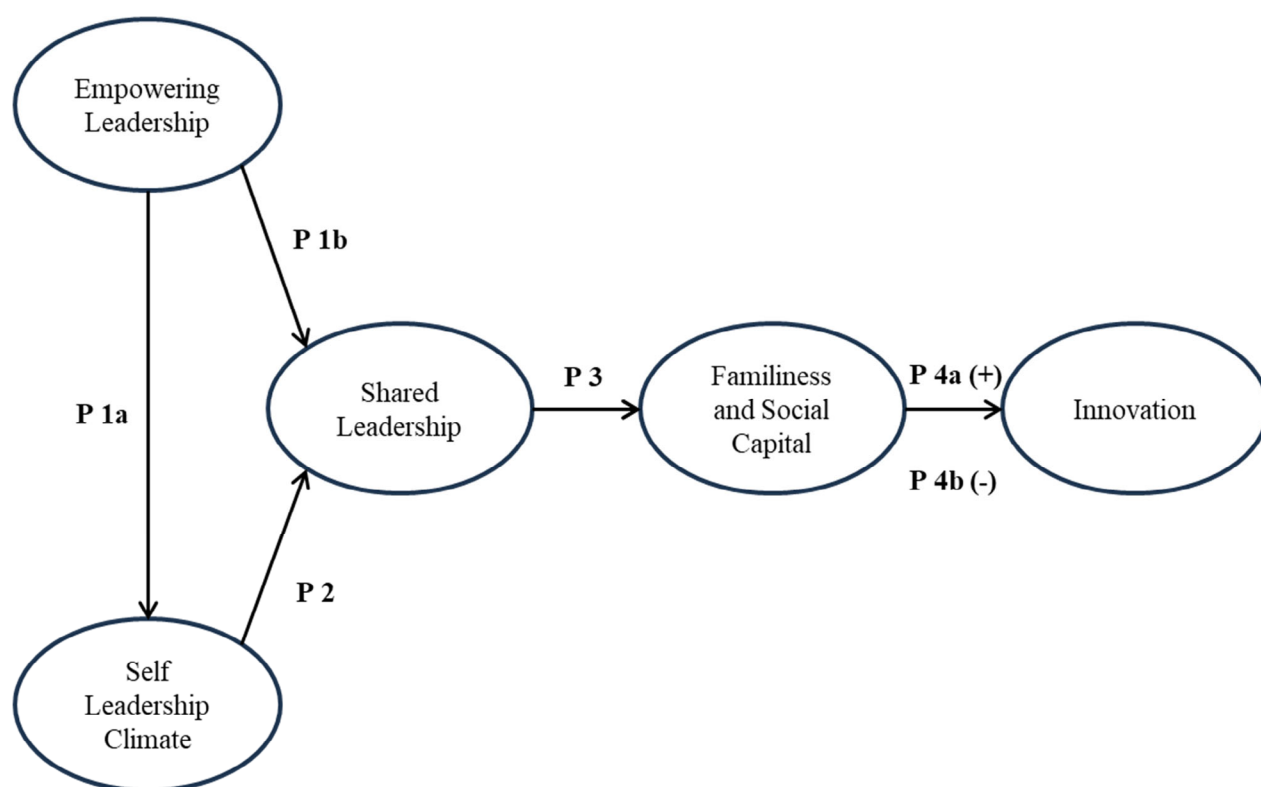
2. Shared Leadership and Innovation in Family Business

Family businesses tend to rely on internal sources of innovation rather than searching outside of the organization (Nieto et al., 2015). At the same time, family firms also achieve higher levels of innovation with less input when compared to non-family firms (Duran et al., 2016) but results from Block et al. (2023) question these meta-analytic results. Nonetheless, these general findings present a paradoxical situation requiring deeper exploration - do family firms innovate more with less while relying on internal sources of innovation and, if so, how? Shared leadership, and the influence of shared leadership on social capital (and familiness), is proposed as an important factor shaping the dynamics of innovation in family business, which might provide the theoretical insight into innovation in family business. Contributing to the family business literature, the

importance of bridging and bonding ties between familial and non-familial members in innovation is explored. Shared leadership is proffered as a key to unlocking the potential of familiness, contributing positively to innovation. As indicated by the conceptual model in Figure 1, shared leadership is supported by both empowering and self-leadership within the family business. In addition, we assert that shared leadership leads

to innovation by leveraging familiness found in family firms by engaging bridging and bonding ties in social capital. Ultimately, as we describe more fully below, shared leadership is posited as a critical mechanism for creating a power-sharing relational dynamic supporting social capital between familial and non-familial members, resulting in increased innovation. Below, we describe each of the proposed relationships in greater detail.

Figure 1. Conceptual model of shared leadership and innovation in family business



3. Leadership in Family Business

Family businesses, generally defined by more traditional hierarchical leadership roles (Sharma et al., 1997), provide a specific context to explore the potential impacts of different leadership strategies on business performance. The complex nature of family relationships is transferred into the family business, including transgenerational dimensions (Breton-Miller et al., 2004; Daspit et al., 2016; Zellweger et al., 2010). This creates an organization impacted by long-standing ties influencing everyday operations and leads to decision-making reflective of family relationships (Sharma, 2004). The social hierarchy of the family can be replicated in the organizational

structure, mirroring the family system within the business, creating both challenging weaknesses and potential strengths. The power dynamics and close ties within the family can influence communication and decision-making in the business, which can have negative consequences if poorly managed. However, close family ties can also prove beneficial for the family business, especially when the power dynamics are harnessed positively through various leadership strategies (Pearson et al., 2008).

Family businesses can uniquely benefit from family-based relational ties by leveraging their familiness, or the “resources and capabilities that are unique to the family’s involvement and interactions” (Pearson et al., 2008, p.

949). Leadership strategies play an important role in developing familiness and using close ties to effectively enhance organizational performance. Feelings of familiness extend beyond family members within a family business. An organizational member does not have to be a family member to have a sense of familiness, but rather as they are engaged in decision-making within the business, members associate themselves with the firms' family identity - thus leading to a sense of familiness (Zellweger et al., 2010). One of the leadership challenges in family businesses is to integrate organizational members into feeling this sense of familiness and contributing to the business's success. Empowering leadership is a distinct strategy, which is associated with Pygmalion effects (see Martínez-Sanchís et al., 2020), supporting organizational members' feelings of autonomy, creating an environment conducive for leveraging familiness in support of business success.

3.1. Empowering leadership

Empowering leadership is discussed in the literature in two typical ways that support knowledgeable and inclusive decision-making processes, either through encouraging information sharing or through the sharing of power. Empowering leaders holding positions of status and authority encourage their subordinates to express opinions and ideas. To that end, collaborative decision-making is promoted, as well as information sharing and teamwork (Arnold et al., 2000). Another view of empowering leadership is one of power-sharing processes by formal leaders. This motivational perspective of empowering leadership involves the enhancing of employee (both individual and team) autonomy, as well as investment in their work (Chen et al., 2007; Sun et al., 2012). Both perspectives indicate the impact empowering leadership can have on familiness by including all organizational members in decision-making and creating a sense of autonomy. In order to understand how empowering leadership strategies support familiness, it is important to discuss social structural empowerment in organizations.

Social structural empowerment focuses on how power is shared or distributed throughout an organization (Conger & Kanungo, 1988). The social structure of a family business, as indicated prior, tends to recreate the typically hierarchical social structure of the family and tends to create a division between familial and non-familial members (Sharma et al., 1997; Sharma, 2004; Zellweger et al., 2010). However, an empowering leadership perspective elucidates the importance of social structural empowerment facilitated by sharing power, which is distinctly different from a

hierarchical family-oriented power structure that divides familial and non-familial members.

Empowering leadership supports social structural empowerment by sharing power throughout the organization using processes that allow information, resources, support and opportunities to reach all parts of the business (Kanter, 1977). This facilitates decision-making in areas relevant to the familial and non-familial members' roles to flow down the hierarchy so those individuals with responsibility for the implementation can make the decisions (Liden & Arad, 1996). This gives all members both the ability to make decisions relevant to their role, as well as the control over resources to implement the decision (Lawler, 1986). This sharing of power encompasses not only the authority to make decisions, but also ensures knowledge sharing critical to decision-making, as well as access to resources to ensure the successful implementation of those decisions. Familial and non-familial members of a family business experiencing empowering leadership will be more likely to develop a sense of familiness - identifying more closely with the family-oriented nature of the organization.

Empowering leadership supports both self- and shared leadership strategies. On the individual level, empowering leadership provides opportunities for organizational members to feel a sense of autonomy and engagement (Manz & Pearce, 2017). Conger and Pearce (2023) argue that when individuals fully experience empowerment, they will engage in self-leadership practices. For example, a formal leader structurally supporting familial and non-familial member autonomy may directly cause his/her subordinates to embrace strategies such as setting reminders, or self-imposed behavior-focused strategies such as self-goal setting and self-reward (Manz, 1986; Stewart et al., 2011). Similarly, the same formal leader encouraging familial and non-familial members in their expression of opinions and ideas may also directly encourage constructive thought-focused strategies, where employees internalize by identifying and replacing negative internal dialogues with positive ones (Srivastava et al., 2006). These strategies support the development of a sense of autonomy at the individual level, which is important for both familial and non-familial members.

On a team level, empowering leadership supports shared leadership, in that the power-sharing process of empowering leadership may also lend itself towards the synergizing of group dynamics, as individual team members lead one another to work cohesively, for achieving group and organizational goals (Hoch et al., 2010; Pearce & Manz, 2005; Pearce et al., 2009, 2014). For example, a formal leader embracing the concept

of empowering leadership may be more likely to suppress over-emphasis of authority and status on his/her end and work together 'as one' with his/her subordinates. As articulated, shared leadership may thus contribute to developing both autonomy and participative decision making for familial and non-familial members in family businesses, thereby developing a sense of familiness (Cabrera-Suarez, 2005; Fausing et al., 2015).

Nonetheless, while empowering leadership has been linked to self-leadership and shared leadership, we expect such effects to be somewhat different in the context of family businesses than those generally identified in the literature for non-family businesses. For instance, in family businesses there is less of an expectation of empowering leadership from hierarchical leaders (e.g., Sharma et al., 1997). As such, in line with theoretical arguments surrounding leadership prototypicality (van Knippenberg & van Knippenberg, 2005), we expect the lack of empowering leadership from hierarchical leaders to have negligible effects on the enactment of self-leadership and shared leadership in family businesses relative to non-family business contexts. On the other hand, we expect the positive effects of empowering leadership on subsequent self-leadership and shared leadership to be particularly pronounced in family businesses, relative to such effects in non-family business contexts.

Proposition 1a: *Empowering leadership effects are more potent in family versus non-family businesses, such that low levels of empowering leadership have lesser effects and high levels of empowering leadership have greater effects in family businesses relative to such effects in non-family business contexts, on the development of self-leadership.*

Proposition 1b: *Empowering leadership effects are more potent in family versus non-family businesses, such that low levels of empowering leadership have lesser effects and high levels of empowering leadership have greater effects in family businesses relative to such effects in non-family business contexts, on the development of shared leadership.*

3.2. Self-leadership

Self-leadership is intimately linked with shared leadership as it involves the application of knowledge and resources to lead oneself. Self-leadership is a robust concept that "involves managing one's behavior to meet existing standards and objectives, it also includes evaluating the standards and setting or modifying them" (Pearce & Manz, 2005, p. 133). In other words, individuals manage their own behavior in

working towards the goals of the organization. This manner of leadership is best utilized when organizational members and leaders consider the implications of their own actions through a shared design of organizational leadership (Pearce & Manz, 2005).

Self-leadership consists of the utilization of reward and behavior-focused strategies, all of which influence one's ability to act as a leader when necessary while simultaneously allowing others to do the same (Manz, 2015, 1986). These strategies include methods such as using reminders and attention focusers, which counter negative cues and increase positive cues. Self-imposed behavior-focused strategies encompass self-observation, self-goal setting, self-reinforcement, and self-criticism and are among the primary behavior-focused self-leadership strategies (Neck & Manz, 2010; Stewart et al., 2011). Natural reward-focused strategies are inherent, as opposed to being externally administered (such as pay raises, time off and promotions) and are associated with feelings of competence and self-control. Additionally, constructive thought-focused strategies highlight the importance of member's unique psychological worlds, in relation to influencing behaviors. For example, self-talk serves to help identify and replace negative internal dialogues with more positive ones. Working in tandem, these strategies function to promote a collaborative setting where members trade leadership roles to achieve a shared leadership setting (Neck et al., 2016).

In the family business, our model assumes a distinction between familial and non-familial members based on whether they are part of the family running the business or not. Engaging in shared leadership requires a reciprocal sharing of influence, indicating the importance of relationships between familial and non-familial members in family business (Pearce, 2004). Self-leadership by both familial and non-familial members influences the quality of the relationships between members of the two groups, improving trust, commitment and feelings of efficacy supporting shared leadership (Bligh et al., 2006; Neck & Houghton, 2006; Stewart et al., 2011), which translates into an organizational climate (Vandekerckhof et al., 2022) for self-leadership. Subsequently, such a self-leadership climate will facilitate sharing leadership among all members of the family business.

A second way self-leadership increases shared leadership is through the use of shared leadership as a self-leadership strategy. While specific self-leadership strategies might be applied as part of a shared leadership process, shared leadership itself may be employed as a self-leadership strategy

to obtain expanded capacity and synergies for one's own performance (Manz, 2015). Two main reasons that self-leadership by familial and non-familial members will lead to increases in shared leadership include the increased feelings of trust, commitment, and efficacy (Bligh et al., 2006); and the use of shared leadership as a specific self-leadership practice (Manz, 2015). The potential link between self-leadership and shared leadership seems particularly sensitive to the combined effects of self-leadership of family members with the self-leadership of non-family members. In other words, in family businesses it is the combined effects familial self-leadership and non-familial self-leadership that augment the effects of each other in generating a self-leadership climate, which translates into the development of shared leadership—effects that go beyond such processes in non-family-owned firms. The self-leadership climate is an emergent and synergistic organizational environment shaped by both familial and non-familial members practicing self-leadership which supports and sustains shared leadership by fostering autonomy, mutual trust and collaborative influence,

Proposition 2: *Familial self-leadership and non-familial self-leadership synergistically interact to create a self-leadership climate, which facilitates the development of shared leadership in family businesses, beyond such effects in non-family businesses.*

4. Shared Leadership, Familiness and Innovation

4.1. Shared leadership

Shared leadership is possibly the most essential leadership strategy in family businesses because problem-solving and decision-making manifest as collective processes, not reliant on a single designated leader (Carson et al., 2007). Furthermore, as shared leadership practices rest on the premise that power is distributed among members, crucial decisions can be made in real time with less delay, as is often the case in a more hierarchical model (Pearce & Conger, 2003). Shared leadership can function on a foundation of already established relationships among familial members to engage collectively in key areas including having common organizational goals (Pearce, 2004), demonstrating collective influence (Sivasubramaniam et al., 2002), and empowering the team as a whole rather than on a designated individual (Ensley et al., 2006). This perspective views leadership as a process, where the team influences, inspires and motivates each other to work toward a common vision (Gupta et al., 2011).

Shared leadership can also involve the non-concurrent sharing of leadership responsibilities (Erez et al., 2002), which includes formally appointed and/or emergent leaders (Mehra et al., 2006). Viewed in this manner, shared leadership is a dynamic property flowing among multiple people and adapting to the characteristics of the situation (Mendez, 2010) and, as such, focuses not on the familial/non-familial distinction, but rather the circumstances. Shared leadership can be an emergent team property resulting from the distribution of leadership influence across multiple team members (Carson et al., 2007; Zhou, 2012) which may already be present among familial members due to some informal distribution of roles but also includes non-familial members.

As becomes evident from the distinctions relating to shared leadership made above, more interactive opportunities emerge as an essential component for empowering family businesses. Shared leadership practices contribute to investments in social relations, which directly affects familial and non-familial members' ability to influence each other and access resources (Borgatti et al., 2009) which in turn has been shown to influence innovation (Kanter, 2009). Additionally, as innovation involves some level of creativity, valued contributions from several familial and non-familial members will likely lead to creative solutions (Pearce, 2004; Sun et al., 2012) increasing innovation.

Shared leadership practices encourage familial and non-familial members to inspire and motivate each other, as well as generate new ideas. When shared leadership is effectively deployed members fully experience empowerment (Conger & Pearce, 2023) leading to a more responsive model for exchanging and synthesizing information, especially between familial and non-familial members. Developing a sense of autonomy and engaging in participative decision-making are two specific outcomes resulting from shared leadership practices. These all contribute to influencing innovation positively (Pearce & van Knippenberg, 2024).

While shared leadership contributes directly to innovation in family businesses by distributing power, influence and decision-making among familial and non-familial members (Carson et al., 2007; Zhou, 2012), shared leadership, as a relational concept, also impacts social capital. Social capital includes “the linkages among individuals or groups within the collectivity and specifically, in those features that give the collectivity cohesiveness and thereby facilitate the pursuit of collective goals” (Adler & Kwon, 2002, p. 21). Not only will authority and power be less centralized due to shared

leadership, collaborative decision-making and mutual influence are expected to alter social relationships within the business (Pearce & Conger, 2003; Pearce, 2004). Family businesses, which traditionally operate through power structures reflecting family ties, can benefit from improving social ties between familial and non-familial members. Family businesses rely on social capital embedded in social relationships among family members (Granovetter, 1985); however, they also have access to familiness: “the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members and the business” (Habbershon & Williams, 1999, p. 11). Familiness can be a special type of social capital found in relationships not only among family members, but also between familial and non-familial members of the family business. Shared leadership can create shared power structures in a family business, aiding in the development of familiness among familial and non-familial organizational members (Aronoff & Ward, 2011). Next, we look at the role of social capital in a family business, and how shared leadership supports familiness and facilitates social capital within the family business.

4.2. Shared leadership and familiness in the family business

Social capital is a critical component of innovation in family businesses and reflects the relational ties among organizational members. Shared and self-leadership are linked to social capital as they positively influence relational patterns which in turn embodies the idea that the way members of an organization connect matters and can alter group outcomes (Borgatti et al., 2009; Hoch et al., 2010; Pearce et al., 2009). Social capital indicates that there is a means for the transmission of information between individuals (Borgatti et al., 2009) and access to resources through member connections and that these resources are effectively used (Lin, 1999). Familiness is a specific resource resulting from the relational ties developed in family business that, while starting from the family aspect of the organization, can spread to non-familial organizational members through identifying as extended family members (Basco, 2015; Habbershon & Williams, 1999; Tokarczyk et al., 2007; Zellweger et al., 2010).

Due to the transgenerational nature of family businesses and the relational ties that are inherently part of family structures (e.g., Martínez-Sanchís et al., 2020; McMullen & Warnick, 2015), family businesses have a built-in capacity to influence social capital. Additionally, Zellweger et al. (2010) concluded that family

businesses “...that nurture their family firm identity may be able to gain access to a unique type of community-level social capital that assists with their operations and performance” (p. 59). Social capital, in turn, contributes to the innovational capacity of the family business because it supports a conscious and collective effort to construct connections between familial and non-familial members creating an identified valuable resource; referred to by Bourdieu (1985) as the intentional planning for sociability.

Recently, and more relevant to the topic of promoting innovation in the family business, social capital has become the study of the architecture of relationships that exist among individuals within and outside of an organization (Carolan, 2013). From this perspective, it has become more about the complexity and types of ties that predict organizational successes because of social connections. Member relationship characteristics define the wellbeing of an organization for the purpose of future success. Of particular interest to innovation in family business (due to access to resources), are characteristics that include network closure (Coleman, 1988) and internal and external ties (Adler & Kwon, 2002).

Network density, along with internal and external ties, when intentionally managed, contribute to innovation. Bourdieu (1985) describes networks as not necessarily occurring naturally but strategically being developed in order to promote organizational assets (Bourdieu, 1985), which is why it is important to move beyond familial relationships, developing a family firm identity contributing to familiness (Zellweger et al., 2010) as well as making connections among familial and non-familial members. He categorizes the most important elements of social capital as (1) the availability of resources and the actors' ability to use them, and (2) the value of the resources as measured by their benefit to the organization (Bourdieu, 1985). Thus, the configuration of the network relationships can be a predictor of the attainment of resources. Shared leadership practices are a deliberate means to promote network characteristics such as closure and internal and external ties, leading to the accrual of social capital (Pearce & Conger, 2003; Conger & Pearce, 2023; Danes et al., 2009).

Closure is a key contributor to social capital, relevant to innovation in the family business because it theorizes that network density is a contributing factor to the growth of social capital. The number of connections that are present among a group of actors indicates network density and correlates to the trustworthiness of relationships as well as sharing information (Coleman, 1988). This, in turn, has been associated with positive performance outcomes

(Coleman, 1988). Shared leadership contributes to the number of connections within the family business, thus increasing network density and supporting closure. The internal characteristics of teams engaging in shared leadership include a sense of shared purpose, along with social support and voice (Carson et al., 2007). These characteristics support the development of multiple connections among members as well as a strong level of trust and information sharing, leading to closure.

Successful competition in today's market requires a combination of both internal bonding and external bridging ties within the family business social network. Within the context of the family business, for the purpose of the conceptual model presented in this manuscript, bonding ties are reflected by the pre-established family relationships and bridging ties refer to relationships with non-familial organizational members. Both types of ties have value for developing and maintaining a healthy family business and are most effective when they are present in tandem (Adler & Kwon, 2002). External ties are described as necessary for connecting actors to members outside of the network configuration whereas strong internal ties lead to closer relationships among, and more robust communication patterns between, group members within an organization (Adler & Kwon, 2002). These relationships, as they exist in various patterns, lead to "goodwill available to individuals or in groups..." assisting with the "... flow of information, influence, and solidarity... to the actor" (Adler & Kwon, 2002, p. 23). External relations provide a means to compensate for lack of internal resources (Adler & Kwon, 2002) and internal relations set the foundation for trust. Woolcock and Narayan (2000) discuss the value of bridging and bonding ties in combination toward better organizational performance because bridging ties promote access to information and resources from non-familial members of the family business. Further research conducted by Valente (2010) concluded that bridging ties are key to the dissemination of information while bonding ties are more influential around behavioral characteristics among members. Within family businesses, family members will have bonding ties with each other, setting the behavioral expectations within the organization, while family members will have bridging ties with non-family organizational members, facilitating information sharing.

While the specific characteristics of the social network within the family business are important, the structural relationships developed through shared leadership will improve the functioning of the network, contributing to an increase

in social capital by facilitating bridging ties with non-familial members, as well as network density within the organization. Returning to the role of empowering leadership in influencing social relationships, it is evident that as shared leadership practices are followed, social ties are more likely to be characterized by open communication and shared decision-making. These ties allow family business members to problem-solve with access to numerous resources. Both bridging and bonding ties will strengthen organizational members' ability to share and access information, which in turn supports progressive practices and innovation. On a broader level, shared leadership facilitates familiness by improving network density and ties between familial and non-familial members, improving social capital within the family firm, which ultimately influences innovation (Arregle et al., 2007).

Proposition 3: *Shared leadership facilitates the potential for enhancing a sense of familiness, and affiliated levels of social capital in family businesses. We anticipate such effects on social capital to be more pronounced in family businesses, relative to such effects in non-family business contexts.*

4.3. Familiness, social capital, and innovation in family business

Innovation and social capital reflect the ability of the family business to thrive by effectively using a variety of resources. Innovation is identified as a process to solve problems through related solutions search and is positively influenced by social capital (Silverberg et al., 1988). Following the argument of Van de Ven (1986), innovation is a critical mechanism for organizations to secure a competitive place in a business world. Evidence suggests that innovation is related to competitive advantage (Porter, 1985) because it allows businesses to gain superior insights about and access to specific and important resources. More specifically, as a driving force of high-level firm performance, innovation helps renew the value of asset endowments (Schumpeter, 1934), contributing to the strategic development of both tangible and intangible assets.

In their study utilizing a typology of family and firm inputs in analyzing family capital effects on short-term achievements and longer-term sustainability, Danes et al. (2009) found that social capital in the context of family businesses made significant contributions to family business achievements. Complementing this point, Sharma (2004) found relational issues prominent in the family business to be central to their success, which may help family businesses overcome bad decisions.

Based on the organizational innovation literature, researchers have demonstrated that innovation requires not only diverse resource inputs (Kanter, 2009) but also firms' combinative capacities (Kogut & Zander, 1992). By taking a re-combinatory search perspective (Fleming, 2001), resource exchange and combination are likely to associate with innovation. Search processes, a key step to contribute to knowledge creation, have been proved to involve the novel recombination of various known elements (e.g. extant knowledge or solutions) (Fleming, 2001; Nelson & Winter, 1982) or the reconfiguration of ways that knowledge is linked (Henderson & Clark, 1990). Therefore, as supported by Moran and Ghoshal (1996), value creation comes from the combination and exchange of resources.

Notwithstanding some evidence to the contrary, family firms appear to be able to achieve higher levels of innovation with significantly less input as opposed to non-family firms (Duran et al., 2016) while also focusing on internal sources of innovation as opposed to external (Nieto et al., 2015). These two characteristics of family businesses point to the importance of social capital in the form of familiness to support innovation. The foundation of innovation is related to creative ideas and individuals or groups, who generate, promote, modify, and ultimately realize the ideas (Scott & Bruce, 1994). To implement innovation effectively, cooperation and interaction among team members are critical (Tjosvold et al., 2003). Network research has shown that network ties help individuals to access information about innovation (Burt, 1987; Rogers, 1995). Drawing upon the social capital perspective, actors have greater opportunities to exchange information through establishing ties. Building bridging ties between familial and non-familial members in creating social capital also supports innovation efforts in family businesses. Building networks or relationships reduces the time and effort in information collection by providing relevant information channels (Chang & Chuang, 2011).

The extent to which group members practice shared leadership within a network is key toward determining levels of innovation (Hoch, 2013). Studies focusing on social capital have important implications for innovation outcomes indicating the benefit of shared leadership practices toward resource exchange and recombination. Tsai and Ghoshal (1998) provide evidence that social capital contributes to resource exchange and combination, which leads to product innovation outcomes. Nahapiet and Ghoshal (1998) also pointed out that established connections, such as those that may be in place due to existing family relationships, may positively affect individuals'

abilities to combine knowledge in the creation of new intellectual capital.

Shared leadership not only fosters these structural influences but also lays the foundation for psychological empowerment of others, supporting individual level creative processes (Maynard et al., 2012; Zhang & Bartol, 2010). Employee creativity is directly influenced by both intrinsic motivation and creative process engagement (Maynard et al., 2012). Importantly, the creative process includes group influence around problem identification, information searching, as well as idea generation, establishing a link between shared leadership, creativity and innovation.

On the other hand, it is possible to consider the situation where a sense of familiness could result in over-reliance on tight family business networks, to the exclusions of other loose social network ties (Nieto et al., 2015). This could result in lack of identification of opportunities for innovation. In fact, we expect family businesses to suffer from a liability of closeness, in this regard, relative to non-family businesses, when it comes to identification of environmental opportunities for innovation. As such, we formally frame our proposition regarding the link between familiness and innovation in two parts:

Proposition 4a: *Familiness and social capital creates conditions enhance innovation potential in family businesses, beyond such social capital processes in non-family business contexts.*

Proposition 4b: *Familiness and social capital can result in over-reliance on tight family business networks, to the exclusion of loose coupling external ties, which we expect to be more detrimental in family businesses relative to non-family business contexts, when it comes to innovation.*

5. Discussion

5.1. Theoretical implications

Shared leadership significantly enhances innovation in family businesses by reshaping traditional hierarchical dynamics into collaborative, participative structures that engage both familial and non-familial members. Through the intentional distribution of influence and decision-making, shared leadership supports the development of social capital—particularly the unique form known as familiness. This relational resource emerges from trust, cohesion, and a sense of inclusion among organizational members. By creating bridging ties between familial and non-familial actors, shared leadership facilitates greater knowledge and resource sharing, which are crucial for innovation. In this model, empowering and self-leadership practices

serve as foundational antecedents, helping all members, regardless of family status, to feel autonomy and responsibility in contributing to the firm's goals.

The theoretical model presented highlights how shared leadership acts as a catalyst for building dense internal networks and strong external ties, both of which are essential for the recombination of knowledge that fuels innovation. Shared leadership not only fosters psychological empowerment and collective creativity but also mitigates the "liability of closeness" often associated with insular family networks by encouraging more inclusive and diverse input. Ultimately, shared leadership leverages the strengths of familiness—such as trust and identity—while broadening its scope to include diverse voices and perspectives, thus positioning family firms to innovate more effectively, even with fewer inputs than their non-family counterparts. Two primary implications of this model are considered as essential.

First, empowering leadership is an important antecedent of shared leadership used to leverage familiness for innovation. This specific leadership approach influences familiness by sharing power, overcoming potential limitations of hierarchical power structures and supporting both shared and self-leadership. Shared leadership may not develop in a family business characterized by the traditional hierarchical power structures, however, if the business leader embraces empowering practices, shared leadership practices will emerge. Empowering leadership supports self-leadership which is crucial for building ties between familial and non-familial members. Non-familial members are empowered to lead themselves which places them structurally equal to family members, which also supports shared leadership within the business.

Second, we consider how shared leadership influences innovation through intra-organizational social capital. Breaking from prior work, which tends to examine direct relationships between leadership and organizational-level outcomes (Geier, 2016), we examine how shared leadership practices might improve interpersonal trust within a family business, trust necessary to build social capital and bring about innovation. The family business is a special context to explore social capital, specifically looking at bridging and bonding ties. Bonding ties characterize relationships within the family, while bridging ties characterize relationships between familial and non-familial members. Both bridging and bonding ties are important to building social capital, but without the proper foundation of shared leadership, the knowledge sharing and

trust critical to social capital might be difficult to develop. Theories of innovation would be bolstered by considering how certain leadership practices, such as shared leadership, precede and potentially alter the innovative capacity of the family business.

While prior theorizing on social capital's influence on innovation tacitly assumes that the presence of the former implies the presence of the latter, we believe that this relationship is more complex. Without shared leadership, stores of social capital may have little effect on innovation, as members do not take it upon themselves to draw upon these networks, as well as engage in the creative process necessary for successful innovation. In addition, we propose that specific aspects of shared leadership support the recombination of knowledge and resources that lead to innovation. Future researchers may gain additional insights into the importance of leadership on innovation by comparing organizations with similar social capital yet different levels of innovation to see if differences in shared leadership are indeed as important as we believe.

5.2. Managerial implications

The proposed model provides guidance for leaders and managers of family businesses by focusing on the importance of shared leadership in innovation. Shared leadership can be used to leverage familiness by engaging non-familial members in ways that make them feel more like part of the family, creating a sense of empowerment and trust. These relationships help develop important bridging and bonding ties between familial and non-familial members, facilitating knowledge and resource sharing, contributing to innovation. As family businesses tend to innovate using internal resources, improved bridging ties between familial and non-familial members will likely lead to improved outcomes.

As we have discussed, shared leadership seems quite important for innovation in family businesses, however, other types of leadership are also important. Therefore, managers should be sure to endorse multiple elements of empowering leadership in their organizations to maximize the innovative capacity of their organizations. Additionally, those making hiring decisions should be attuned to individuals who display the capacity to both take and share the lead. Since shared and self-leadership are both important to the success of the family business, those family businesses looking to hire from outside the family should be sure that any potential hire could motivate him or herself as well as allow others to take leadership roles when necessary.

5.3. Future research directions

A primary area of future research relates to the specific characteristics of the family business context. In this model, we assume that there are a core number of family members active in business operations, as well as several non-familial members. These aspects influence our arguments related to bridging and bonding ties and the formation of social capital leading to innovation. Further research should include understanding the makeup of the business between familial and non-familial. For example, are family members concentrated at the top level of management while non-familial members are found only at low-level management; how are responsibilities distributed between the two groups; and are there non-familial members within the governance structure. We also assume that the family business provides a specific environment that would support shared leadership. As [Pearce \(2004\)](#) indicates, shared leadership practices fit well when the work is more complex, tasks are interdependent, and a significant amount of creativity is required. If the work being performed within the family business does not meet these conditions, perhaps shared leadership would not be successful in creating social capital.

Another area of interest is focused on the individual characteristics of the top family business leader, as this may influence the potential for shared leadership to emerge. Taking a cue from [Hambrick and Mason \(1984\)](#), who argue that firms reflect the cognitive values of their leaders, it does seem plausible that family firms also fall under this theory. For example, perhaps a founder matriarch/patriarch may possess more controlling individual characteristics, choosing to get the job done by her/himself and veering away from empowering others. As a result, such a family firm may be less likely to embrace empowering leadership, and due to this focus instead on promoting hierarchical power structures.

Another area for future research relates to an ethical perspective of leadership. Responsible leadership, defined as “a relational and ethical phenomenon, which occurs in social processes of interaction with those who affect or are affected by leadership and have a stake in the purpose and vision of the leadership relationship” ([Maak & Pless, 2006, p. 103](#)) may further our model. Taken in the context of a family business, a multilevel perspective on responsible leadership focuses on both the individual and group level, by recognizing that responsible leadership firstly involves family member’s intent to “do good” as well as “avoid harm” ([Stahl & Sully de Luque, 2014](#)). On a group level, this perspective involves also the proposed usage of shared leadership as a

model to guide the implementation of responsible leadership at multiple levels.

A shared leadership model complements the implementation of a responsible leadership initiative as it allows for a system of internal checks and balances, which may help to lessen irresponsible leadership practices and lead eventually to shared responsible leadership ([Pearce et al., 2014](#)). Moreover, the synergy of individual and group level responsible leadership results in the building of internal and external trust. Internally, family members who may be communal in the first place, become closer and trust each other more as they now share a common goal of “doing good” for society through their family business. Externally, stakeholders such as customers and suppliers notice (in relation to other competitors) the good a family business embracing shared responsible leadership does and chose to support them more over other “less responsible” businesses. This external stakeholder perception of an ethically responsible family business may then lead to the choosing of an ethically responsible family business over others and ultimately result in increasing the success of the family business.

The model presents a broadly applicable theory of innovation in family businesses highlighting the importance of shared leadership and familiness. Shared leadership facilitates familiness, improving bridging ties between familial and non-familial members, providing a potential explanation of how family businesses potentially achieve higher levels of innovation with fewer inputs while relying on internal resources ([Duran et al., 2016](#); [Nieto et al., 2015](#)). To test empirically, it will be important to understand the intricacies between shared leadership and innovation more fully. For example, while we propose familiness influences innovation, the extent to which it fully or partially mediates the relationship between shared leadership and innovation in family businesses needs to be studied.

6. Conclusion

Family businesses provide an interesting context to explore the relationships between empowering leadership, self-leadership, shared leadership, familiness, social capital, and innovation. Empowering leadership can have far-reaching effects by upending the traditional, hierarchical leadership style often found in family businesses. By creating an organizational environment that supports and encourages shared leadership, everyone can be a leader and contribute to organizational success. Familial and non-familial members can experience a sense of autonomy as they engage in participative decision-making,

while building trust and sharing knowledge and resources. Shared leadership helps to leverage the familiness within the family business, facilitating bridging ties with non-familial members, enhancing resource sharing. All of this contributes to building social capital, developing innovative solutions/products, and supporting the success of the family business.

Author contribution statement

Pamela J. Dillon: Writing—original draft; Leslie Blake-Davis: Writing—review & editing; Eugene See: Writing—review & editing; Mengjie Xu: Writing—review & editing; Craig L. Pearce: Writing—review & editing; Charles C. Manz: Writing—review & editing.

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Not All Family Owners Are Alike. A Conceptual Model, Measurement Instrument, and Self-Assessment Application for Identifying Family Owner Styles

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Family owner-ship, Family owner style, Family business, Self-assessment, Typology of family owners.

Abstract It is often assumed that family ownership, which consists of individuals who share a common history and values, is homogenous. However, family owners exhibit varied patterns of engagements toward ownership because of differences in their roles, goals, needs and expectations within the family and the business. The research gap lies in the limited understanding of the heterogeneity among family members in relation to ownership. To address this research gap, this article adopts a configurative approach to develop a typology of family owner styles grounded in a psychological perspective and to validate it empirically. The proposed classification model combines two psychological states—agency stewardship intention and harvesting-creation motivation—which identify four distinct family owner styles: Active, Intra-Entrepreneurial, Entrepreneurial, and Detached owners. Additionally, by bridging the gap between academia and practice, this study presents a free access self-assessment online application, enabling family owners to identify their own ownership style.

CÓDIGO JEL M0

PALABRAS CLAVE

Propiedad familiar, Estilo de propietario familiar, Empresa familiar, Autoevaluación, Tipología de propietarios familiares.

No Todos los Propietarios Familiares son Iguales: Modelo Conceptual, Instrumento de Medición y Aplicación de Autoevaluación para Identificar Estilos de Propietarios Familiares

Resumen Suele asumirse que la propiedad familiar —compuesta por individuos que comparten una historia y valores comunes— es homogénea. Sin embargo, los propietarios familiares presentan patrones diversos de implicación con la propiedad, debido a diferencias en sus roles, objetivos, necesidades y expectativas dentro de la familia y de la empresa. Aún existe una comprensión limitada sobre la naturaleza de la heterogeneidad entre los miembros de la familia en relación con la propiedad. Para avanzar en esta línea de investigación, el artículo adopta un enfoque configurativo para desarrollar una tipología de estilos de propietarios familiares basada en una perspectiva psicológica y validarla empíricamente. El modelo de clasificación propuesto combina dos estados psicológicos —intención de mayordomía-agencia y motivación de cosecha-creación— que permiten identificar cuatro estilos distintos de propietarios familiares: activos, intraemprendedores, emprendedores y desvinculados. Además, con el fin de conectar el ámbito académico con la práctica, el estudio presenta una aplicación de autoevaluación que permite a los propietarios familiares identificar su propio estilo de propiedad.

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1. Introduction

Family firms are unique types of businesses because they exist at the intersection of two intertwined systems: the business itself and the family that owns it (Dyer, 2021). A firm becomes a family business owing to the social structure behind the ownership—a group of individuals connected by family ties who hold rights over the company (Al-Dajani et al., 2024). In the family business field, researchers and practitioners have attempted to understand how family members, specifically owners, influence decision making (Aparicio et al., 2021). This family ownership shapes the way strategic decisions are made, from those related to markets, such as about investment and international expansion (Basco et al., 2023), to non-market strategic choices, such as succession of family leaders (Basco & Gómez González, 2022).

Scholars have used the agency and stewardship theories to understand and predict the effect of family ownership on strategic market and non-market decisions, and, consequently, on firm performance and productivity (Madison et al., 2016). The agency theory suggests that conflicts of interest, nepotism and altruism (Schulze et al., 2001), bifurcation bias (Verbeke and Kano, 2012) or divergent goals (Blanco-Mazagatos et al., 2016) may arise within the group of family owners, potentially causing inefficiencies. Conversely, the stewardship theory argues that family owners may share a strong sense of commitment, pro-organizational behaviour, and long-term vision, fostering stability and sustainable growth (Corbetta and Salvato, 2004). Behind these theories lie two different assumptions about human nature. The agency theory assumes that individuals are inherently self-interested, acting in ways that prioritize their personal gains (Eisenhardt, 1989). In contrast, the stewardship theory takes a more collective view, suggesting that individuals are pro-organizational (Davis et al., 1997).

However, in practice, the individuals in a family group are neither purely self-interested nor fully aligned and pro-organizational (Chrisman, 2019; Hernandez, 2012). Instead, the family members occupying ownership positions have different goals, needs, and expectations (Basco, 2023). Owners—whether they are actively involved in management, passive shareholders, or representatives of multiple generations—play a critical part in shaping the dynamics of ownership

(Uhlaner, 2024). However, they are often viewed primarily through a structural lens, focusing on their formal roles, while less is known about their psychological states toward ownership (Bernhard, 2024; Broekaert et al., 2018). Exploring the psychological states of owners, such as intentional or motivational (Pieper, 2010), may allow for a more nuanced understanding of how ownership functions within family businesses.

To address this research gap, this article adopts a configurative approach (Meyer et al., 1993; Snow et al., 2005) to theoretically develop a typology of family owner styles and to validate it empirically through a data-driven taxonomy (Miller, 2017). Focusing on the individual level, the conceptual typological model of family owner styles is constructed across two psychological states toward ownership: agency-stewardship intention and harvesting-creation motivation. The combination of these two psychological states theoretically defines four types of family owner styles: active, intra-entrepreneurial, entrepreneurial, and detached owners. To validate the typological classification, a data-driven approach was employed to classify family owners according to their motivational and intentional patterns. The resulting classification, derived from the taxonomical approach (Hambrick, 1984), aligns with the proposed typology, thereby validating the conceptual model of the four family owner styles.

To bridge academia and practice, a self-assessment online application, which mimics the taxonomical analysis, was developed in this study. This application was designed to measure, assess, and classify family owners according to their motivational and intentional psychological patterns. While the online application mirrors who the owners are in terms of their intention and motivation toward ownership, it can reflect the diversity among them. From a family ownership perspective, it is important to understand the diversity and composition of the ownership group, as these factors may define the dynamics of ownership. The self-assessment application was specifically designed for family owners to measure their ownership style¹. It can be self-administered, as it includes all the necessary instructions and explanations to help users understand the conceptual model and its practical utility in reflecting on how they psychologically relate to ownership.

This study yields theoretical and practical contributions. First, theoretically, this article

1. The ready-to-use self-assessment application can be accessed at the following link: <https://familyinbusiness.education/dashboard#ownership>

engages in the current conversation on family ownership (e.g., [Aguilera and Crespi-Cladera, 2016](#); [Baron and Lachenauer, 2021](#); [Clark, 2022](#)). Focusing on the individual level for classification, the proposed model links management and psychological theories ([Hernandez, 2012](#); [Higgins, 1997](#)) to define four types of family owner styles. The classification of family owner styles is theoretically important because family ownership was traditionally understood to be a homogeneous group of individuals with common familial roots. However, family members could have different goals, needs and expectations as shareholders ([Basco, 2023](#)) and this study attempts to capture this diversity from the psychological perspective. This line of research opens the possibility to investigate the micro-foundations ([Felin et al., 2015](#)) of family ownership to further understand its dynamics, individual and group interactions, and individual actions. Finally, practically, this study extends the scientific research on family owner styles into practice by developing an online application that allows family owners to self-assess their psychological patterns toward family business ownership. Therefore, this research bridges the gap between theory and practice by applying the knowledge to bring scientific research into practice.

2. Theoretical Background

2.1. Existing model of family ownership classification

Family business literature presents three predominant perspectives on ownership: structural, generational, and behavioural ([Uhlauer, 2024](#)). These three perspectives represent lenses from different levels of aggregation to observe the phenomenon of family ownership. While the structural and generational views are aggregated perspectives of the ownership composition, the behavioural one is micro in nature since it focuses on individuals within the ownership. These three perspectives aim to explore, interpret, and predict ownership and its consequences for business decision-making and performance.

The structural perspective, well known in the finance and corporate governance fields of research, classifies block-holder types, such as banks, pension funds, individuals, industrial companies, and families, among others ([Boyd and Solarino, 2016](#)), as each of these groups of owners have different firm-related goals, interests, and investment horizons ([Aguilera and Jackson, 2003](#)). Other classifications, such as insiders versus outsiders, foreign versus domestic investors, block-holders versus minority investors, pressure-sensitive versus pressure-resistant

investors exist. These investors are classified based on structural aspects to define different ownership compositions. Additionally, based on the firm's interests and their investment horizons ([Aguilera & Crespi-Cladera, 2016](#)), investors can be grouped into relational categories—long-term oriented (those who prioritize trust, alignment, and shared goals with the business beyond just financial returns) and transactional (return-focused owners who base their involvement primarily on financial performance) owners.

On the one hand, relational owners tend to control a company through its corporate governance structure and may share characteristics, such as the long-term investment horizon ([Bhagat et al., 2004](#); [Zeitoun and Pamini, 2017](#)), the importance of growth or performance goals over profits, their presence on the board of directors, their incentives to monitor managers, and/or their social ties linking the organization with the environment ([David et al., 2010](#); [Ma et al., 2014](#)). Researchers normally include family owners within the relational owner category ([Sacristán-Navarro et al., 2021](#)). On the other hand, transactional owners control through the voice and exit strategy and may share characteristics, such as maximisation of the return on investment, the importance accorded to dividend payments and stock price appreciations, short-term horizon, and/or the lack of a relationship with the firms they invest in ([David et al., 2010](#); [Ma et al., 2014](#)). Consequently, the structural perspective uses an aggregate lens to define groups of owners based on shared characteristics related to ownership. However, even when these groups appear homogeneous at macro level, they are not truly homogeneous at the micro level.

From a generational perspective, as discussed by [Clark \(2022\)](#) and [Baron and Lachenauer \(2021\)](#), ownership structure is defined by how control evolves across family generations. Clark's typology outlines three main structures: (i) The solely owned family business, where ownership is concentrated in a single individual; (ii) the sibling-controlled family business, where ownership is distributed among siblings; (iii) the diffusely owned family business where ownership extends into the broader family network. Each model highlights the generational shifts that influence governance dynamics, succession planning, and conflict patterns, such as vertical tensions between senior and junior generations or horizontal rivalries among sibling or cousin cohorts. The generational perspective also adopts the aggregate lens to define types of ownership in family businesses, often assuming that intrinsically family members within the same generation are quite similar. However, even when family firms belong to the same generational

stage and share similar ownership patterns—such as sibling-controlled businesses—family owners are not homogeneous at the micro level.

In contrast, the behavioural perspective focuses on how family members engage with their ownership roles, independent of common characteristics emphasized by the structural and generational perspective, such as long-term vision or their generational position. For instance, [Di Loreto \(2024\)](#) introduces five distinct ownership roles: Passive, Influencer, Governance, Operator, and Entrepreneur Owners. These roles reflect varying degrees of operational involvement, decision-making power, and engagement with a business. [Tàpies \(2021\)](#) further complements this view with his classification of shareholders, investors, and owners, noting that the emotional attachment and sense of stewardship often associated with family owners shapes their behaviours in ways extending beyond formal ownership rights.

Together, these three perspectives—structural, generational, and behavioural—offer complementary insights. While the structural perspective focuses on macro groups of shareholders, which may have similar goals, needs, and expectations, the generational one explains how ownership evolves within the family system over time, shaping the ownership governance structure. Finally, the behavioural perspective captures the personal motivations, engagement levels, and strategic orientations of individual owners, which can differ even within the same generational cohort. While the behavioural perspective acknowledges that family ownership—composed of multiple family owners—is not homogeneous, it often lacks a scientifically grounded classification to account for the diversity within ownership groups. Existing classifications tend to reflect the experience of practitioners, rather than a scientific approach (e.g., [Di Loreto, 2024](#); [Tàpies, 2021](#)). However, to fully understand the behaviour of family owners, it is necessary to first recognize their psychological states toward ownership.

2.2 Typology of family owner styles

Ownership extends beyond its legal definition—control over property—and encompasses the relationship that owners have with their position, which reflects a psychological perspective. The psychological perspective deepens the understanding of family members by examining their motivations and intentions toward ownership ([Pieper, 2010](#)). In the context of family business, it refers to the way family owners relate and engage with the shares they possess in the family business at two different psychological states: motivational and intentional. While the former is about why family members want to own the

business, the latter refers to what family owners want to do by holding their shares.

To understand the motivational state, the regulatory focus theory ([Higgins, 1997, 2012](#)), a psychological framework, explains how individuals pursue goals, based on two distinctive orientations: promotion- and prevention-focused. The theory posits that individuals pursue goals focusing either on promotion, oriented toward seeking gains, growth, and innovation, or on prevention, oriented toward avoiding losses, maintaining security, and ensuring stability. These are self-regulation mechanisms that influence decision-making and risk perception. For instance, [Brockne et al. \(2004\)](#) further extended this understanding by examining how regulatory focus influences entrepreneurial and financial decision-making. Their research highlights that promotion-focused individuals are more likely to engage in risk-taking, investment-driven behaviours, and long-term growth strategies, which strongly align with wealth creation. Conversely, prevention-focused individuals prioritise financial security, focusing on risk-averse strategies to protect their existing assets, reflecting the principles of wealth harvesting.

Extending the regulatory focus theory to the context of family ownership, the self-regulation mechanisms of promotion- and prevention-focused orientation help explain the motivations for family owners to retain their business shares. While promotion-focused owners prioritise investment, expansion, and wealth accumulation, prevention-focused owners ensure stability through conservative financial strategies ([Higgins et al., 2020](#)). Therefore, the regulatory focus theory provides a meaningful way to identify owners in relation to their wealth motivations, which refers to engagement of owners with ownership across a continuum of two extremes: wealth harvesting (prevention-focused) and wealth creation (promotion-focused). On one extreme lies wealth harvesting, where family owners are motivated to preserve and control assets, identify as guardians of family wealth, and are committed to ensuring continuity while minimizing disruptions to the family's financial legacy. On the other extreme lies wealth creation, where family owners are motivated to build and expand wealth, identify as innovators or builders, and are committed to the future of the family by actively leading the ownership group.

Beyond the psychological motivation, the intentional state of ownership refers to what owners plan by holding shares in the family business. This is important to understand how they relate and engage with family ownership. The intention to retain shares can reflect the underlying logic of the agency or stewardship, as shaped by the assumptions of the respective

theories. The stewardship theory (Davis et al., 1997) explains the intrinsic intention behind collective engagement. Owners exhibiting stewardship intentions prioritise family legacy, foster unity, and ensure business sustainability. Stewardship owners view the business as an extension of their personal identity, reinforcing trust, mentorship, and intergenerational continuity (Hernandez, 2012). Corbetta and Salvato (2004) highlight how strong relational ties within family businesses encourage stewardship behaviours, as owners develop a psychological sense of duty toward the business and its continuity. This aligns with stewardship intention, where ownership is driven by a commitment to collective success, legacy preservation, and intergenerational responsibility (Miller & Le Breton-Miller, 2006).

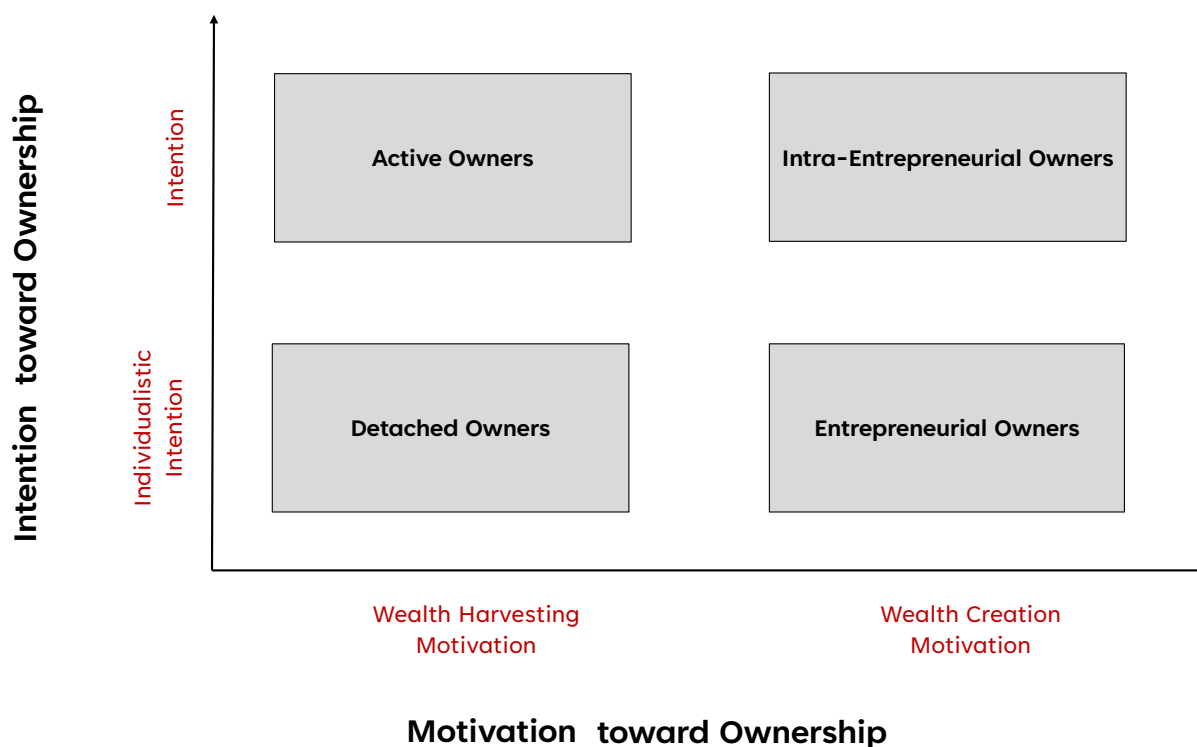
Conversely, the agency theory (Eisenhardt, 1989), provides insights into individualistic intentions. Unlike stewards, owners with agency intentions prioritise their personal goals, self-interest and utility-maximization, and ambitions within the family business, even at the expense of collective cohesion (Kallmuenzer, 2015). They may seek governance structures that protect their autonomy, influence decision-making for self-interest, or leverage ownership for personal advancement (Daily et al., 2003). Family owners, therefore, may retain shares not due to emotional or legacy-driven intentions, but to preserve control and extract financial returns—reflecting an individual-centred orientation toward ownership. Integrating stewardship and agency perspectives helps identify different owners' intentions—whether they are driven by personal or family group interests. Furthermore, a continuum exists along which family owners vary in their ownership intentions. On one extreme lie individualistic intentions where family owners behave as self-interest agents focusing on personal goals, such as control, financial, and returns. On the other extreme lie stewardship intentions where family owners are committed to long-term success of the business by achieving collective family goals. If motivation and intention dimensions are combined, it is possible to create a typology of four types of family owner styles (see Figure 1). Quadrant I represents Active Owners, who combine stewardship intentions with wealth-harvesting motivations. These owners are committed to the family and the long-term continuity of the business, but their motivations are rooted in the desire to preserve rather than grow wealth. They see themselves as custodians of the family legacy, valuing stability, control, and protection of existing assets. Their psychological ownership tends to be risk-averse and conservative, prioritizing dividend extraction, capital preservation, and governance structures that

limit disruption. For them, collective success is achieved by safeguarding family unity, upholding traditions, and maintaining the status quo across generations. Ownership, in this quadrant pertains to continuity and stewardship through protection. Quadrant II represents Intra-Entrepreneurial Owners, who combine stewardship intentions with wealth-creation motivations. They are committed to the long-term success of the family business and are motivated by a desire to build, grow, and innovate for the benefit of future generations. Their intentions to hold ownership are rooted in a sense of responsibility, legacy preservation, and collective prosperity. However, unlike more conservative stewards, their commitments are expressed through forward-looking strategies—such as reinvestment and entrepreneurial initiatives—aimed at enhancing the family firm's value over time. They view ownership as a duty and a platform for progress, where creating new opportunities strengthens the business and family cohesion. For them, collective success is measured by the ability to sustain legacy while also expanding wealth.

Quadrant III represents Detached Owners, who combine individualistic intentions with wealth-harvesting motivations. They maintain shares primarily for personal benefit, with little emotional attachment to the family business or sense of collective responsibility. Their ownership is guided by self-interest, often emphasizing financial returns and control, while remaining disengaged from the family legacy. They may view ownership as a passive investment or a tool for influence rather than a platform for contribution. Additionally, they are more likely to favour policies that protect personal value—such as dividend extraction or eventual exit options. They define success in individual terms, often disconnected from the shared goals of the family or the sustainability of the business.

Quadrant IV represents Entrepreneurial Owners, who combine individualistic intentions with wealth-creation motivations. These owners are driven by personal ambition, growth opportunities, and the pursuit of financial success. They view ownership as a platform for innovation, expansion, and individual advancement, often introducing new ideas, markets, or business models, but are separated from the business family. While they are future-oriented and potential wealth creators, their engagement is shaped typically by personal goals than by collective family interests. They may challenge traditional norms, advocate for bold investments, or seek autonomy in decision-making. For them, success is measured in terms of impact, performance, and growth—where ownership serves as a means of realizing personal vision beyond the family business.

Figure 1. Typology of family owner styles



3. Method and results

This study introduces a methodological procedure for researching family ownership and testing the typological conceptual model of family owner styles, as shown in Figure 1. The research design combined qualitative and quantitative approaches: first, to develop the measurement instrument from scratch, and second, to test it with a larger sample. The methodological process followed a series of sequential steps to ensure conceptual clarity and empirical validation.

The first step was developing a measurement instrument with a set of questions to capture the dimensions of motivation and intention toward ownership. The second step focused on broader data collection to obtain data for quantitative analyses. The third step was to test the reliability and validity of the measurement instrument and construct validity. The fourth step consisted of empirically testing the existence of taxonomies of family owner styles and their correspondence with the conceptual model proposed in the theoretical section. The final methodological step was to create a self-assessment application to be used by family owners to assess their ownership style.

3.1. Step 1: Measurement instrument development

The theoretical framework was used to guide the interpretation of motivation and intention dimensions toward ownership. However, it was important to ground this knowledge to create the items—statements or questions—that capture common and related aspects of each dimension. The instrument development followed a structured multi-step process to ensure its theoretical robustness and practical applicability. First, based on the theoretical background of each dimension, several items were defined, as an initial draft to effectively capture the concept of agency-stewardship intention and wealth harvesting-creation motivation. Second, the initial theoretically developed items were critically examined and refined through experts' feedback and scrutiny. To this end, participants were initially selected through personal networks based on their expertise and relevance to the study. To expand the sample and reach additional knowledgeable informants, a snowball sampling strategy was employed. Third, the revised items were shared with six professionals working closely with family businesses (practitioners, such as business consultants), allowing for further validation from a practical perspective. These steps ended with a list of items (statements) to measure each of the two dimensions under analysis. The final list of items is presented in Table 1.

Table 1. Items to capture the concept of intentions and motivation toward ownership

Agency-Stewardship Intentions	<ul style="list-style-type: none"> • I prioritize aligning my actions with the shared goals and values of my family over pursuing my individual ambitions (Q1). • The success of my family is more important to me than achieving personal recognition or accomplishments (Q2). • I believe that fostering a strong, cohesive bond within my family leads to better outcomes for everyone involved (Q3). • I am committed to upholding the expectations and values shared by my family, even when it roves challenging (Q4).
Harvesting-creation Wealth Motivations	<ul style="list-style-type: none"> • I actively seek out new opportunities with the potential to create meaningful and lasting success (Q5). • Innovative thinking and creativity are strengths that I apply consistently to my entrepreneurial endeavours (Q6). • I am comfortably taking financial risks when they offer the potential for significant rewards in business (Q7). • My primary business goal is to achieve substantial growth and scalability (Q8).

3.2. Step 2: Sample of family owners

Once the measurement instrument was developed and validated by experts and subjected to a pilot test, the questionnaire was ready for broader data collection and, thereafter, a quantitative analysis to test the proposed typological model of family owner styles. To implement this, a sample of convenience was designed for data collection in UAE, Saudi, and Spain. The data were collected in three family business events. Each item was measured on a 5-point Likert-type scale, ranging from strongly agree (5) to strongly disagree (1).

After the first data cleaning, incomplete responses were excluded, and the final sample consisted of 140 family owners. Of these, 56 (40%) were females and 84 (60%) were males. Regarding societal generation of respondents, 12% were from the silent and baby boomer generations, 37% were from generation X, 23% were millennials, and 28%, from generation Z. Furthermore, 14% were from the first generation of the family business, 44%, from the second generation, 24%, from the third generations, and the remaining belonged to the fourth generation or beyond.

3.3. Step 3: Reliability and validity of the measurement instrument

Exploratory factor analysis was used to examine the underlying relationships among the items. This technique aims to identify emerging constructs or dimensions (i.e., item groupings) based on empirical data and is explorative in nature (Hair

et al., 2010). In this step, the correspondence between the empirical findings and proposed theoretical model was assessed.

In the exploratory factor analysis, the varimax rotation was used to enhance the clarity of and distinctiveness among constructs, which facilitates interpretation. The analysis included all eight items from the questionnaire. Table 2 presents the results. Loading values were utilised to interpret and label the factors derived from the factor analysis, considering items with loadings of .50 or above as significant for defining each factor. This approach aligns with established practices in factor analysis for identifying meaningful item-factor relationships (Hair et al., 2010). Based on these loadings, consistent with theoretical frameworks, two factors or dimensions were identified: 1) agency-stewardship intention and 2) wealth harvesting-creation motivation. Each construct was formed of four items, with all loading coefficients exceeding the .50 threshold. Cronbach's Alpha was used to assess reliability, which refers to the internal consistency of items measuring a construct or dimension. The Cronbach's Alpha, which measures construct consistency, demonstrated mixed results. It was .71 for intention dimension, which is beyond the threshold of .70, therefore, considered acceptable (Hair et al., 2010). The coefficient for motivation dimensions was .60. Even though the latter is lower than the acceptable threshold, in exploratory research and early-stage research in construct development, .60 is considered an acceptable value². In terms of validity, which

2. Further exploration has showed that item seven has the lower communality and proposition of variance that is explained by a common factor. Item seven pertains to financial risk position as a measure of the entrepreneurial intention of owners. Future studies should re-evaluate the wording of this item or remove it. When the item was removed, the Cronbach's Alpha improved close to the .70 threshold. As can be inferred from Table 1, each item consists of aspects of entrepreneurship intention, such as opportunity, innovation, risk and growth. It is possible that financial risk plays a different role in entrepreneurial intention toward ownership. Therefore, future research should explore this further from instrument development to construct validation.

assesses whether the instrument measures what it intends to measure, three complementary approaches were used. First, content validity was guaranteed based on the literature review and the theoretical inference of the items to reflect

the constructs or dimensions. Construct validity was assessed based on all factor loadings being higher than .50 (see table 2), commonalities being higher than .30 (except for item 7, which was at the lower limit of .30) and the absence of cross-loading (see Table 2).

Table 2. Rotated component matrix

Items	Factors	
	Ownership-related motivation	Wealth-related intention
Q1	0.784	-0.117
Q2	0.845	0.075
Q3	0.719	0.217
Q4	0.612	0.517
Q5	0.107	0.784
Q6	0.099	0.795
Q7	-0.079	0.513
Q8	0.265	0.604
Note: Extraction Method: Principal Component Analysis, Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 3 iterations.		

Additionally, a confirmatory factor analysis was applied to statistically test the factor structure identified through exploratory factor analysis, which is an essential step to ensure the psychometric robustness of the measurement instrument. Based on the relationships between the items and latent factors revealed by the exploratory factorial analysis, the confirmatory factorial analysis was conducted using SmartPLS (Hair et al., 2022). First, the composite reliability (ρ_c) for both constructs was found to exceed the commonly accepted threshold of 0.70, indicating satisfactory internal consistency. The average variance extracted (AVE) was 0.536 for the intention dimension and 0.468 for the motivation dimension. Although the AVE for the latter is slightly below the 0.50 threshold, this outcome was anticipated, based on the exploratory factorial analysis results, where one item underperformed. As explained in factorial analysis, this was acceptable given the exploratory nature of the study.

Finally, following Hair et al. (2010), discriminant validity—the degree to which each construct is distinct from others in the model—was established. This was demonstrated by the fact that the square roots of the AVEs for the intention (0.74) and motivation (0.68) dimensions were greater than the correlation between the two constructs (0.327).

3.4. Step 4: Classification of family owner styles

The K-mean clustering analysis was used for group classification. This produces exactly K different clusters of greatest possible distinction, where the number K should be determined a priori (Hair et al., 2010). The agglomeration coefficient was used to examine the incremental changes that occurred and, therefore, to determine the appropriate number of groups (i.e., four clusters; Table 3). Family owners were classified using the variables created by the factorial analysis that measured the intention and motivation dimensions.

The first cluster (57 owners) represents Active Owners, who are deeply committed to preserving family unity while ensuring the long-term success of the business. Their ownership involvement is guided by a desire to maintain stability and cohesion, safeguarding the family's legacy. The second cluster (47 owners) includes Intra-Entrepreneurial Owners, who balance the pursuit and business development and growth with the preservation of family values. They explore new opportunities from within the business, aiming to secure its future while reinforcing intergenerational cohesion. The third cluster (17 owners) reflects Detached Owners, whose involvement is primarily financially driven. They adopt an investment approach, maintaining a distant stance from the emotional and operational aspects of the family business. Finally, the fourth

cluster (22 owners) comprises Entrepreneurial Owners, who are motivated by wealth creation and opportunity exploitation. They take

calculated risks to drive growth and profitability, with a strong focus on financial performance and external ventures.

Table 3. Centers of final conglomerates

	Clusters			
	1	2	3	4
	Active Owner	Intra-Entrepreneurial Owner	Detached Owner	Entrepreneurial Owner
Number of owners	57	47	17	22
Ownership intention	0.62561	0.21882	-0.98158	-1.32988
Wealth motivation	-0.54721	0.97704	-1.38869	0.40353

3.5. Step 5: Self-assessment application³

The final methodological step involved creating an online application that family owners could utilise to self-assess their ownership styles. The eight validated items were incorporated into the application, which was designed to be completed directly by family owners.

Using the raw data available in the database, the self-assessment application determines the ownership style of any new respondent by following these steps. First, it standardizes each response by subtracting the mean and dividing by the standard deviation. Second, the resulting standardized values are weighted using the factor loadings obtained from the factor analysis, as each item contributes differently to the factor or dimension. Third, an average score is calculated for intention and motivation dimensions. Finally, this average value is compared with the centroids generated through cluster analysis. The respondent is then classified into one of the family owner styles, based on the closest proximity to these centroids.

It is important to highlight that the cluster analysis produced four centroids across the dimensions of intention and motivation. As presented in the conceptual model these centroids do not necessarily coincide with the centres of each quadrant (see Figure 1). In the

proposed empirical analysis, the centroids are the centre point of the cluster. Each respondent generates a unique combination of intention and motivation values, which defines a specific point within the cluster space. The distances from this point to each cluster centroid are then calculated, and the respondents are assigned to the closest centroid, thereby determining their corresponding family owner style. This procedure is analogous to a Voronoi diagram, where the entire space is divided into regions around each centroid. Each point—representing a specific combination of intention and motivation—is assigned to the owner style corresponding to the nearest centroid. This assignment is based on the Euclidean distance between the point and each centroid, meaning that any future respondent can be classified by calculating the shortest distance to one of the four centroids (see Figure 2)⁴.

The self-assessment application has been designed for family members, who are either current or ipso facto owners, and measures how they connect with their ownership in the context of the family business. Specifically, the instrument captures two key aspects: their intentions in holding shares in the family firm (whether driven by economic interests or by a sense of collective success and intergenerational continuity) and their motivation towards wealth (whether they

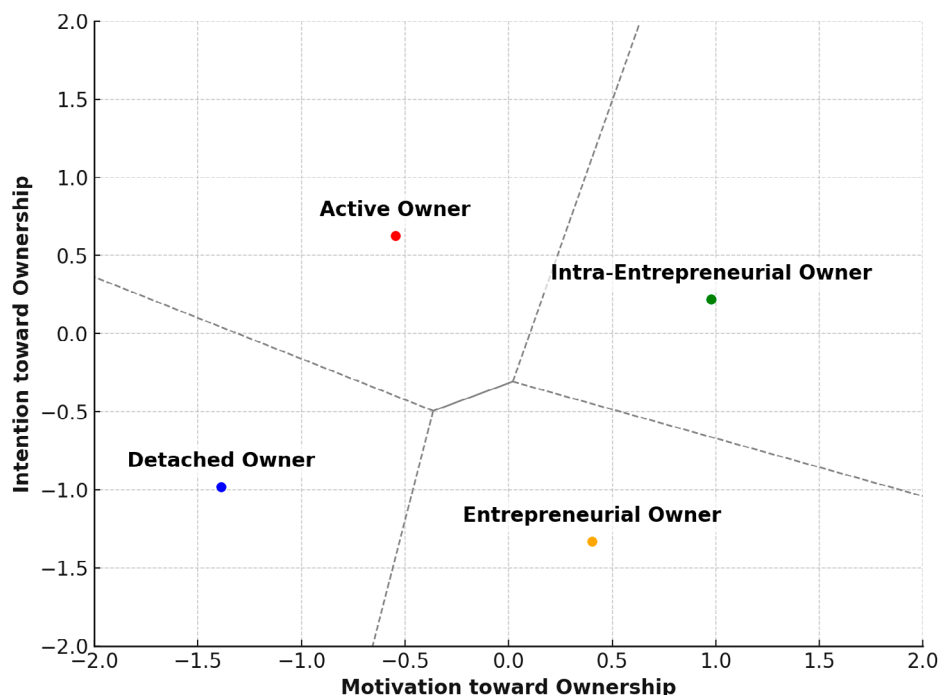
3. Access to the self-assessment application is available for free at the following link: <https://familyinbusiness.education/dashboard#ownership>. Upon completing the assessment, respondents receive their individual results, which include the family ownership style they belong to, a summary of the model from a practical perspective, and a short explanatory video of the framework.

4. Each new respondent who completes the self-assessment will be classified based on fixed centroids derived from the empirical sample used in this study. Ideally, the centroids should be recalculated dynamically for each new respondent, but this would require computational resources that exceed the current capabilities of the application. To address this limitation, two future development steps are planned: (A) periodic updates of the centroids once a significant number of new responses are collected, enabling better calibration of the instrument; and (B) the implementation of an advanced version of the application, capable of recalculating clusters in real time, which will require additional funding to support the necessary computational infrastructure.

aim to harvest benefits or contribute to long-term wealth creation). This instrument measures the individual ownership style of the family members who answer the self-assessment application. It cannot be interpreted as a collective ownership style for the whole family group because the assumption of this instrument is the

psychological heterogeneity of owners. This self-assessment application can also be administered to family members who are currently not owners but could be in the future. It can help identify the ownership style they are likely to adopt once they hold shares.

Figure 2. Centroids of family owner styles



While using this application and interpreting the results it should be noted that it identifies psychological patterns of family owners toward ownership and should not be conflated with other psychological concepts, such as personality traits or owners' characteristics. Additionally, the results may be influenced by the circumstances or environment at the time of completing the self-assessment and, therefore, may contain some degree of bias. Finally, there is no better or worse family ownership style—the application was designed solely to capture the diversity of owners and their engagement with ownership in terms of motivation and intention.

4. Conclusions

Family ownership is an important topic within corporate governance research because families influence firm behaviour, market and non-market strategies (Basco et al., 2021), and performance (Villalonga and Amit, 2020). While governance mechanisms, such as the board of directors, family assemblies, and family constitutions have received significant attention (e.g., Arteaga &

Basco, 2023), family ownership has largely been studied from a structural perspective—focusing on aspects, such as families as block-holders, ownership composition, and family concentration (e.g., Borralho & Duarte, 2022; Martinez Garcia et al., 2022; Sacristán-Navarro et al., 2025). However, a research gap remains in the family business literature, concerning the micro-level understanding of family ownership—specifically, the diversity among family owners in terms of their psychological patterns toward ownership. Family ownership—understood as a group of family members owning a business—is not a homogeneous group. Even when owners belong to the same family, share a common history, and cultivate relationships over time, they are not the same (Memili et al., 2016). Each family owner may hold different roles, goals, needs, and expectations (Basco, 2023). While existing classifications attempt to define different types of owners (e.g., Clark, 2022), these often stem from practical experience and a consultant's lens. This study aims to improve upon existing classifications by introducing a scientifically grounded perspective to understand the

psychological diversity of family owners by applying a configurative approach (Meyer et al., 1993).

Building on existing research and applying a psychological perspective to interpret the different psychological states of family members toward ownership—specifically, why someone wants to hold shares and what they intend to do with their ownership—a typology of family owner styles was developed by combining two key dimensions: agency-stewardship intention and harvesting-creation motivation. The combination of these two dimensions creates four types of family owner styles: active, intra-entrepreneurial, entrepreneurial, and detached owners. This proposed typology brings the family ownership discussion into the micro level of analysis, which attempts to understand the individual owners, not just the structure of the ownership. It brings the human dimension to the forefront. The typology of family owner styles was empirically validated by contrasting it with an observed classification derived from the data.

4.1. Theoretical and practical contributions

The theoretical contribution of this article lies in addressing the gap highlighted by Pieper (2010), who emphasized the need to incorporate psychological theories into family business research to better understand the internal drivers—such as motivation, identity, and intention—that shape owners' behaviour beyond structural or generational classifications which have dominated the finance research and corporate governance literature (e.g., Villalonga & Amit, 2020). Assuming that family ownership is formed by a group of individuals with different goals, needs, and expectations (Basco, 2023), this article attempts to capture the diversity of family owners according to their psychological states, of motivations and intentions, toward ownership. Even though some efforts have been made in this direction (e.g., Aguilera & Crespi-Cladera, 2016; Baron and Lachenauer, 2021; Clark, 2022) most of the existing research focuses on structural aspects. This research opens the psychological perspective of owners and their diversity in terms how they engage psychologically with the family business ownership. Recognizing the diversity in family owners' psychological motivations and intentions is essential for advancing a micro-foundational (Felin et al., 2015) understanding of family ownership. This perspective shifts attention to the individual-level mechanisms—such as personal motivations, interactions, and actions—that collectively shape how ownership operates and evolves over time.

Beyond the academic contribution of this article, the new self-assessment application developed

to be used by business families is an attempt to link academia and practice. The application can be used by three types of potential users. First, individual family business members can use it to understand their own owner style. This self-assessment provides a profile that encourages current and potential owners—such as next-generation family members—to reflect on their motivations and intentions towards ownership. This represents a collective orientation for the group of owners, but the instrument captures an individual psychological state toward ownership. Second, the self-assessment application can be used collectively within the family to foster mutual understanding by revealing each member's owner style. It serves as a valuable starting point for conversations, helping family members recognize differences, align interests, and address potential conflicts. By promoting shared understanding, this application supports healthier and more transparent governance in family ownership structures. Third, business consultants can integrate this application with their practice when working with their family business clients. It helps consultants better understand individual intentions and motivations toward ownership, anticipate reactions, and propose tailored solutions. As part of an educational and guidance role, this application becomes a practical instrument within their consulting portfolio.

Finally, the application also serves as an excellent complementary assessment tool for educational purposes at various levels—undergraduate, graduate, and executive education. Family and non-family students can engage with the self-assessment application to gain applied knowledge of owner styles, discuss about ownership composition and dynamics and, ultimately, enhance the debate of the family ownership consequences for family behaviour and performance.

4.2. Limitations and future lines of research

This study is not without limitations, which should be acknowledged to define the boundaries of findings' interpretation and offer directions for future research. First, the initial sample used to test and validate the proposed typological model of family owner styles consisted of 140 participants which was a convenience sample, not a random one, and representative of the owners' population. While this sample provided a good starting point, future research should aim to include a larger and more diverse sample. Increasing the sample size would enhance the statistical power of the analysis, improve the reliability of the findings, and allow for the detection of more nuanced patterns in ownership styles. Second, future

studies should ensure that the measurement instrument consistently captures certain common psychological patterns among family owners. The internal consistency of the tool should produce stable and repeatable results. Therefore, future studies should demonstrate that the instrument is reliable to identify the proposed motivation and intention patterns and support the robustness of the findings. In this line of research, external reliability is also important to test the extent to which findings can be applied beyond the specific sample.

Third, a methodological limitation of this study is the reliance on self-reported data, which may be subject to self-response bias. Respondents might provide socially desirable answers or unintentionally misrepresent their motivations and intentions. Future research could address this bias by extending the methodological approach used to define the measurement instrument. This may include incorporating objective indicators, such as access to ownership meeting minutes and implementing longitudinal designs to observe the consistency of family owners' ownership styles over time. Fourth, further testing should focus on establishing discriminant validity—ensuring that the proposed dimensions of ownership style are truly distinct from other psychological or behavioural constructs, such as identity, leadership style, or emotional attachment to the firm. Fifth, cross-cultural validation is essential for validation process. Future research should examine measurement invariance across cultural and geographic contexts to determine whether the instrument measures the same underlying constructs similarly in different settings. This is important for making valid comparisons across countries and family business traditions, and for ensuring that the application is applicable globally.

Finally, the most promising future line of research is the theoretical advancement that can be pursued in terms of micro-foundations of family ownership (Felin et al., 2015), which has received less attention than other corporate governance structures in family business, such as board of directors and family councils. The micro-foundations of family ownership involve the psychological and behavioural mechanisms at the individual and group levels, such as how family members perceive, make sense of, and act upon their ownership roles. These collectively shape ownership dynamics over time. For instance, scholars could explore potential antecedents (e.g., family values, family dynamics, and family composition among others) and consequences (e.g., strategic decisions, such as the trade-off dividend distribution and reinvestment, and conflict management) of the proposed types of

family owner styles. Given that this research focuses on classifying family business owners based on their motivations and intentions toward ownership, future studies could explore which ownership styles are more effective under specific circumstances. While no single style is inherently superior, the consequences of each for the family and business likely vary, depending on contextual factors and the composition of the ownership group.

Conflict of interest statement

The author declares no conflicts of interest.

Ethical statement

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

Declaration on the Use of Generative AI in the Writing Process

The author declares that no generative artificial intelligence (AI) tools were used in the writing or editing of this manuscript.

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Data availability statement

The data that support the findings of this study are available upon request from the author.

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Women's Roles in Middle Eastern Family Businesses: Identity Construction Amid Structural Inequality

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Abstract This study explores the roles of women—specifically daughters—in family businesses in the Middle East, a context marked by pronounced structural gender inequality and limited scholarly attention. Drawing on identity theory and a multiple case study approach, we examine how daughters in 17 family firms construct and navigate their professional identities. Our analysis identifies 26 distinct roles, which cluster into six categories: (1) management and leadership, (2) transformative and innovative, (3) ownership and succession, (4) facilitative and social responsibility, (5) identity, continuity and sustainability, and (6) operational and executive roles. The findings reveal that daughters often adopt multiple, layered, and context-dependent identities, and must engage in continuous negotiation to attain visibility, influence, and authority within the family and firm. This study contributes to the literature on family business and identity by illuminating the complex role enactment and identity work of women in patriarchal settings.

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PALABRAS CLAVE
Role de mujeres,
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Los roles de las mujeres en empresas familiares de Oriente Medio: construcción de identidad en un contexto de desigualdad estructural

Resumen Este estudio explora los roles de las mujeres —en particular, de las hijas— en empresas familiares en el contexto de Oriente Medio, caracterizado por una marcada desigualdad estructural de género y escasa atención académica. A partir de la teoría de la identidad y mediante un enfoque de estudio de casos múltiples, analizamos cómo las hijas en 17 empresas familiares construyen y negocian sus identidades profesionales. Nuestra investigación identifica 26 roles distintos, que se agrupan en seis categorías: (1) dirección y liderazgo, (2) transformación e innovación, (3) propiedad y sucesión, (4) facilitación y responsabilidad social, (5) identidad, continuidad y sostenibilidad, y (6) funciones operativas y ejecutivas. Los resultados revelan que las hijas adoptan identidades múltiples, complejas y dependientes del contexto, y deben involucrarse en una negociación constante para lograr visibilidad, influencia y autoridad dentro de la familia y la empresa. Este estudio contribuye a la literatura sobre empresas familiares e identidad al arrojar luz sobre la complejidad de los roles y el trabajo identitario de las mujeres en entornos patriarcales.

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1. Introduction

In today's world, nearly 2.4 billion women do not enjoy the same economic rights as men. In 178 countries, legal barriers still prevent the full economic participation of women (World Bank, 2022). In such contexts, family businesses provide better job opportunities for women (Covin, 1994).

They are recognised as a 'professional refuge' or 'launching platform' in the face of gender inequality (Gherardi & Perrotta, 2016) and the prevailing cultural factors in society for women (Karlsson, 2020; Rahman et al., 2022; Xian et al., 2021), especially in an environment marked by transformations in family structure and declining birth rates (Aldrich & Cliff, 2003).

Women's participation in family businesses is of particular significance (Frishkoff & Brown, 1993). Therefore, family businesses are compelled to value the presence of women more in order to fully leverage human capital amid demographic constraints (Salganicoff, 1990). Nevertheless, despite this growing necessity, the deeply rooted cultural ties between family businesses and society (Aldrich & Cliff, 2003) perpetuate gender stereotypes, which also produce inequalities within these businesses (Campopiano et al., 2017).

Research in this area confirms these inequalities and has led to increasing attention from researchers in this field towards a gender perspective (Rovelli et al., 2022). Several studies show that, despite women's commitment and efforts in these businesses, their efforts are often rendered invisible (Sethi et al., 1981; Akhmedova et al., 2020). They do not have access to equal opportunities with their male counterparts in terms of job status and pay (Chadwick & Dawson, 2018).

Whereas some women accept these stereotypes, others actively challenge them (Frishkoff & Brown, 1993). There are studies that showed the conflicts between family and work roles of women within family firms (Ko et al., 2021). Their roles in grooming the next generation, transmitting knowledge (Discua Cruz et al., 2024; Duarte Alonso & Kok, 2021), and strengthening interpersonal relationships as emotional senior officers (Lowe & Evans, 2015; Poza & Messer, 2001) are explored in these studies.

Additionally, businesses that include women on their boards have reported improved performance (Félix & David, 2019). Increased creativity and entrepreneurship are some of these effects (Bauweraerts et al., 2022). Even in informal roles, women significantly influence decision-making processes (Chen et al., 2018; Dettori & Floris, 2023). Many women are aware of their

current positions and aspire to assume primary leadership roles (Poza & Messer, 2001).

One of the key roles women play is that of successor, particularly in the case of daughters, which has garnered attention in several studies (Ahmad et al., 2024; Gimenez-Jimenez et al., 2021; Sentuti et al., 2024; Suchankova et al., 2023; Urban & Nonkwelo, 2022). However, other female roles have been underexplored (Almlöf & Sjögren, 2023) or treated as secondary topics (Nguyen et al., 2022). This limited the understanding of the full spectrum of their contributions, particularly prior to attaining leadership positions (Madison et al., 2021). Notably, most of this research has been conducted in European and North American contexts, and many of these studies recommend conducting similar studies in different cultures (Dettori & Floris, 2023; Sentuti et al., 2024).

In response to this call, the present study seeks to answer the question: 'What is the role of women in family businesses in the underexplored context of Iran, a society with pronounced cultural and normative differences that perpetuate gender inequality?' (Coville, 2020). To this end, a multiple case study method was employed. Seventeen second-generation family businesses in which daughters have assumed the role of successor were examined. Semi-structured interviews were conducted to capture the professional life stories of these women within their family businesses. Given that, in unequal contexts, women are compelled to actively construct their identity in order to access main roles (Hytti et al., 2017; McAdam et al., 2021; Xian et al., 2021), the study is framed within identity theory (Stryker, 1968; Stryker & Burke, 2000), aiming to identify tasks, expectations, values, and behavioural patterns specific to women and to contribute to the theoretical development of the concept (Burke & Tully, 1977; Stets & Burke, 2000; Thoits, 1986).

2. Theoretical Framework

2.1. Identity theory

Family businesses provide an ideal context for examining the multiple roles of women (Cosson & Gilding, 2021), especially when facing conditions of inequality that require them to actively construct their identity (Hytti et al., 2017; McAdam et al., 2021; Xian et al., 2021). Therefore, this study adopts identity theory as its interpretive framework.

This sociological and interdisciplinary theory is rooted in the work of George Herbert Mead (1934), who argued that 'society shapes the self and shapes social behaviour'. Based on this premise, identity theory was developed, distinguishing

between the 'self' and the 'society'. However, Stryker (1980) and Stryker and Serpe (1982) pioneered studies of identity theory, focusing on 'how social structure influences the self'. Then Burke and colleagues (Burke, 1991; Burke & Reitzes, 1991; Burke & Stets, 1999) developed this theory by focusing on 'how the self influences social behaviours' (Stryker & Burke, 2000).

In general, identity theory can be defined as 'a unique sense of self' (Postmes & Jetten, 2006). In other words, it can be said that an individual's identity is defined by his or her characteristics, values, expectations, and behavioural models within the framework of roles (Burke & Tully, 1977; Stets & Burke, 2000; Thoits, 1986). The level of analysis in this theory is the individual, and the 'self' manifests itself with different identities in the form of different roles (Stryker & Burke, 2000) to answer the question 'Who am I?' (Stryker & Serpe, 1982).

This theory differs from social identity theory, where group membership forms the core of identity. A central concept in identity theory is salience; this means that not all roles hold the same importance to the individual, and the more salient a role is, the more effort and commitment it will receive (Burke & Reitzes, 1981; Stryker, 1968). This feature makes identity theory particularly useful for studying family businesses, where family and work roles intertwine and often conflict, especially for women who face tensions when adopting professional identities. Consequently, this study uses the lens of identity theory to analyse the behaviour of daughters within family businesses to better understand their roles.

2.2. The role of women in family businesses

Family businesses have increasingly attracted the attention of management researchers in the past two decades (De Massis et al., 2012; Neubaum, 2017), and the result can be seen in the large number of articles published in this field in reputable journals (e.g. Kotlar et al., 2018; Neckebrouck et al., 2018). Researchers have discussed gender issues, especially in Western societies where traditions greatly influence the norms governing these businesses, regardless of whether they are Christian or Muslim (Eze et al., 2021).

The persistence of gender inequality in women's participation and presence in key roles in family businesses has led to the theory of women's 'invisibility' (Salganicoff, 1990). This invisibility stems not only from cultural and traditional factors but also from women's self-concept and internal limitations, a limitation referred to as the 'glass ceiling' (Acheampong, 2018). As a result, daughters may not even consider succession as a

possibility until a significant event forces them to do so (Overbeke et al., 2013).

This invisibility is also reinforced by media representations, where women are often referred to as 'others' or 'managers' rather than 'owners' (Bjursell & Bäckvall, 2011). Traditional norms intensify conflicts between roles of women, complicating the transition to identities such as the 'entrepreneurial mother' (Lewis et al., 2016) and posing additional barriers when daughters enter male-dominated industries (Mischel & Iannarelli, 2011). Even so, informal roles can help reduce these tensions between the roles of a mother and a business professional. (Ko et al., 2021).

Owing to their collaborative approach, women tend to promote cohesion and strengthen interpersonal ties within family businesses, earning recognition as 'emotional senior officers' (Lowe & Evans, 2015; Poza & Messer, 2001). Their influence on decision-making even in communities where they lack the right to vote, such as among Hutterite colonies in Western Canada, is very important (Nordstrom & Jennings, 2018). Curimbaba (2002) categorises women's roles into three types: 'invisible', 'professional', and 'anchor'.

Various studies corroborate the importance of women in enhancing sustainability (Almlöf & Sjögren, 2023; Bell & Pham, 2021), business growth and profitability (Félix & David, 2019; Sieweke et al., 2023), and their potential to advance social development, especially in business families that have intergenerational entrepreneurship (Eze et al., 2021). Their participation on boards of directors strengthens entrepreneurial orientation, creativity, and corporate sustainability (Bauweraerts et al., 2022; Campopiano et al., 2017; Marín-Palacios, 2023; Post et al., 2022).

Moreover, when they hold leadership positions, their participatory leadership style, emotional discourse (Danes et al., 2005), and interest in mutual self-improvement enable them to play an important role in enhancing the social performance of family businesses (Campopiano et al., 2019).

2.3. Contextual framework

The study was conducted in Iran, a country geographically located in the Middle East but whose cultural norms regarding women's roles differ in various respects from those of other nations in the region (Sarfaraz, 2017). Despite its location, Iranian women enjoy certain legal rights that are uncommon in neighbouring countries (Wright, 2000): They make up about half of university students, can register companies under their own name, retain their surname

after marriage, and run for various political offices. However, women still face significant gender inequalities (Kazemzadeh, 2002). Some are legal in nature, such as the requirement for a husband's permission to obtain a passport or travel abroad, or restrictions on women staying in hotels without male accompaniment. Additionally, in matters of inheritance, women receive only half the share given to their male siblings (Arasti, 2006). Other inequalities are cultural, reflected in social norms that restrict women's participation in the workforce: Women's employment damages men's reputation, their primary role is viewed as domestic and maternal, certain jobs are deemed 'unsuitable for women', and their leadership is often not taken seriously, especially by male employees (Arasti, 2006; Sarfaraz, 2010). Within this complex context, family businesses function as safe havens that enable women to assume roles that would be inaccessible in other business environments (Coville, 2020). These businesses, by emphasising meritocracy and taking internal steps to mitigate legal inequalities, such as awarding more shares to daughters to compensate for discriminatory inheritance laws, have been described as 'social laboratories' or a 'refuge' for women in Iran (Coville, 2020). Despite the above, Iranian women still must struggle to achieve key roles, such as leadership, even in these businesses. This issue was repeatedly reiterated in the interviews conducted.

3. Methodology

This study employed a multiple case study method, a qualitative research method. Qualitative methods are used to explore people's lives, experiences, behaviours, emotions, and feelings. Thus, the findings of this research are not based on statistical methods (Strauss & Corbin, 1998) but instead offer a thematic description of the cases (Creswell & Poth, 2017; Yin, 1994), examining complex phenomena by comparing cases (Yin, 1999).

The case study approach is popular among family business researchers who use qualitative methodologies (De Massis & Kotlar, 2014), as it enables the identification of hidden patterns through in-depth analysis (Eisenhardt, 1989). When several cases are examined, as in this study, the design is referred to as a multiple case study (Swanborn, 2010), which significantly enhances its validity (Aragón-Amonarriz et al. 2024; De Massis & Kotlar, 2014).

Since we were looking for participants with more information (Patton, 2002) who met our desired criteria (Denzin & Lincoln, 1994), we used a purposive sampling approach. The sample

included second-generation or older family businesses founded by the participants' parents, in which the female respondents held leadership positions such as chair of the board, vice chair of the board, CEO, or deputy CEO. This allowed for an in-depth analysis of their career trajectories from initial entry into the business to the assumption of leadership roles.

Data collection was conducted through semi-structured interviews, enabling participants to share their experiences through a narrative approach. The interviews were transcribed verbatim and translated into English. The data were then manually analysed using open, axial, and selective coding, and the roles identified were thematically categorised.

3.1. Data collection

Given that the objective of this study was to analyse the role of women in family businesses, a purposive sampling strategy was employed. Participants were selected based on their deep knowledge of the phenomenon (Patton, 2002) and adherence to predefined criteria (Denzin & Lincoln, 1994). Specifically, the study focused on second-generation or older family businesses founded by the participants' fathers, in which the daughters currently held leadership positions such as chair of the board, vice chair of the board, CEO, or deputy CEO. This selection ensured a sufficient time lapse between their entry into the business and their rise to leadership positions, allowing for the identification of the various roles assumed throughout the process.

Determining these criteria for selecting the sample population significantly limited the scope of sample selection. Due to the unfavourable context, in most of the family businesses introduced, women were either not active in management positions or their role was limited to middle management roles, or in some cases, the women themselves were the founders of the family business.

However, the first case was identified through the personal contacts of the first author, and subsequent cases were recruited using snowball sampling. Through this approach, 17 cases were collected until theoretical saturation was achieved. To enhance the quality of the interviews, the participants were sent the interview questions in advance, and the purpose of the research was clearly explained. A standardised protocol of semi-structured questions was used (Woodfield & Husted, 2017), encouraging participants to share their stories and experiences through a narrative lens (Byrne & Shepherd, 2015; García & Welter, 2013). To enrich the perspective on the role of women, the research aimed to interview not only the daughters who had attained leadership

positions but also other individuals who had been influential in their trajectories. However, due to limitations, such as the death of key individuals or unwillingness to participate, a total of 29 interviews were conducted.

To avoid bias associated with personal relationships among interviewees - a common limitation of snowball sampling (Faugier & Sargeant, 1997) - it was confirmed that participants from each case had only professional connections with those from other cases. Even when multiple businesses operated in the same industry, their

relationships were competitive in nature. During the interviews, participants began by introducing themselves, then recounted the general history of the company from its founding to their entry, and finally described their entry process, key events, experiences, responsibilities, and activities undertaken up to their attainment of leadership roles. The average duration of each interview was 90 minutes. The average age of the primary interviewees (the daughters) was 40 years old, and all but three had completed master's degree and above (see Table 1).

Table 1. Descriptive information on family businesses and interviewees (C = case)

Name	Industry	Gen	Age	Role	Education	Second and third inter-viewee	Number of interviews
C1	Import of car spare parts	2nd	36	CEO	Master of English Literature	-	1
C2	Horse breeding	3rd	63	CEO	PhD in Management	-	1
C3	Beekeeping and honey production	2nd	59	CEO	PhD in Management	Husband	2
C4	Printing house	2nd	48	CEO	MBA, Master of Operations Management	Mother and father	3
C5	Production and distribution of industrial electrical components	3rd	40	CEO	PhD in Electrical Engineering	Mother and father	3
C6	Saffron production and packaging	2nd	31	CEO	Master of Architecture	-	1
C7	Engineering design	2nd	36	CEO	MBA, Risk Management	Father	2
C8	Production and education of visual arts and handicrafts	2nd	30	CEO	Master of Arts in Research	Mother	2
C9	Pistachio export and import company	2nd	36	CEO	PhD in Business	Mother	2
C10	Lighting products manufacturers	2nd	30	Vice Chair	PhD in Business	-	1
C11	Printing house	2nd	38	CEO	Bachelor of Computer Software	Mother	2
C12	Carton making	2nd	40	Chair	PhD in Entrepreneurship	Mother	2
C13	Printing house	2nd	39	CEO	Master of Information Technology	Father	2
C14	Pistachio production, processing and export	2nd	42	CEO	Bachelor of Plant Science, MBA	Mother	2
C15	Motorcycle production	2nd	48	Deputy CEO	Bachelor of Business Administration	-	1
C16	Motorcycle production	2nd	44	CEO	Master of Executive Management	-	1
C17	Export and import of nuts and dried fruits	2nd	34	CEO	Master of Business Administration	-	1

At the beginning of each interview, participants were assured of confidentiality. They were informed that, in addition to keeping the

information private, their names and business details would remain anonymous. Interviews were recorded with their consent.

The primary interviewer being of the same gender, particularly in the patriarchal and religious context of Iran, facilitated more comfortable and appropriate communication with the interviewees. This allowed for the collection of rich, sensitive information regarding family relationships and business conditions (Byrne & Shepherd, 2015), enabling the analysis of personal histories and experiences (Woodfield & Husted, 2017). Additionally, since the authors' native language is Persian, their linguistic proficiency ensured accurate and complete transmission of the interview content despite the language's complexity.

3.2. Data analysis

The interviews were fully transcribed and sent to participants for review and validation, minimising the risk of misinterpretation. Data were analysed in three coding stages: open, axial, and selective (Eisenhardt, 1989). Open coding was conducted independently by two authors to reduce bias (Guba & Lincoln, 1994). Axial coding allowed for the identification of relationships between categories and groupings of similar concepts. In the final stage, selective coding focused on identifying relationships among the codes to determine the roles played by women, which were then organised thematically. In general, two authors participated in the coding process, and a third person acted as a referee in case of disagreement.

4. Findings

This study, following a three-stage coding process, ultimately identified **26 distinct roles** assumed by women in family businesses. These roles were categorised into six main thematic groups based on the literature review conducted and the comparative experience of the three authors from the findings of the interviews.

4.1. Managerial and leadership roles

This category encompasses four roles:

Senior manager: This role refers to the highest levels of leadership and management. Given that one of the criteria for selecting participants was the presence of daughters in top positions such as chair of the board, vice chair of the board, CEO, or deputy CEO, this role was among the most frequently reported.

C4: 'Over time, the power came to me. Now, everything is under my control.'

C17: 'The confidence that people around me had in me has enabled me to achieve leadership.'

Middle manager: This refers to intermediate management levels, such as commercial or sales managers. Our findings indicated that after initially entering the business in lower positions, women eventually advanced to middle management -often a stepping stone to higher roles. However, this progress faces challenges, including staff resistance and the need to gain parental consent.

C1: 'I have my own managerial role in networking, correspondence, and communication.'

C15: '. . . When my father found out about this, he insisted that I go to the factory and take over the factory's foreign trade unit.'

Empathetic manager: Women often adopt a more empathetic managerial style than their fathers, paying close attention to employee welfare, and because they have a smaller age gap with employees, they have a better understanding of the personnel situation.

C10: 'I implemented a menstruation leave policy because I understand how unwell our female staff feel on those days . . .'

C7: '. . . Given the economic situation of my society, being able to create a system where the people who work there have a good life is very important to me.'

Symbolic manager: Despite holding managerial titles, in some cases, women lacked real authority. The low frequency of this role indicates that many women had succeeded in asserting their managerial authority.

C6: 'I said, "I am the manager . . ." (My father) replied, "You are nothing."'

C1: 'I am the CEO, but my management role is not that way. My father and brother also run the business.'

4.2. Transformative and innovative roles

This category includes seven roles:

Business developer: Women actively contributed to business development across multiple dimensions, including market expansion, product development, human resources, and physical infrastructure (most frequently coded role, 319 mentions).

C3: 'Our brand is now visible everywhere - you'll find our products in Canada, in our California store, and more . . .'

C9: 'He entrusted me with the pistachio sector so that I could revive and strengthen that sector and take the product towards export.'

Idea generator: Our findings show that daughters were generating ideas in various fields for

improving business, solving problems, developing, and so on.

C10: '(The sales manager told my father) increased sales are due to the implementation of your daughter's idea'

C7 (Father): 'Good thinking and idea generation (my daughter in business) are effective.'

Innovator: This role reflects women's tendency to pioneer innovation, striving to keep the business competitive in its industry.

C3: 'We initiated the separation of honey types. We publicly promoted the concept that every plant produces a unique nectar with specific properties.'

C5: 'Our company has 13 patents; some from my father's time and many from my own time.'

Moderniser: Women were instrumental in modernising traditional businesses by implementing new technologies, standards, and digital systems (e.g. QR codes in warehouses, automation, updated software).

C5: 'We placed QR codes on products in the warehouse so we could pinpoint their exact physical location.'

C17: 'Regarding packaging machines, we changed the machines to be faster, require less manpower, and have more up-to-date packaging.'

Structurer: They restructured or established departments that were previously merged or non-existent.

C10: 'Human resources were under the finance department. Since we had more staff and increased financial operations, I separated HR into its own department.'

C7: 'I took the organizational structure out of that flat state because our company is getting a little bigger.'

Systematiser: Our findings show that one of the major concerns of daughters in family businesses is to free the businesses from individual dependency. They tried to systematise the departments by creating mechanisms and systems that specified the order, priority, and stages of work in each department.

C11: 'We categorised machines and developed forms to track when each part was checked and serviced.'

C2: 'My other important job was to get the horses registered . . . That is, all the information about a foal is recorded from the moment it is born, its weight - and this microchip system is such that when it is registered, the whole world is aware of this issue.'

Knowledge enhancer: To address knowledge gaps, women pursued relevant education or professional training and shared their expertise within the business or arranged training for staff and consultations with experts.

C1: 'Through my involvement with the Women Entrepreneurs Association and the Chamber of Commerce, I was able to bring valuable knowledge into our business.'

C4: 'When I was studying computer science, print design was just starting to emerge. With software, they no longer did it manually. My father's hope was that if I studied computers, I would be able to do something.'

4.3. Ownership and Succession Roles

This category comprises four roles:

Owner: As is typical in family businesses, all participants were shareholders and board members.

C4 (Father): 'My daughter has been a board member for 7 years.'

C12: 'I am a member of the board of directors.'

Successor: Given the study's focus on second-generation leadership, most participants or their parents identified them as successors.

C8 (Mother): 'Now that my daughter is here, I can retire.'

C9: '. . . and my father has this trust in me and knows that I will continue on his path.'

Successor developer: While many women had no children or had young children, they still took on mentoring roles, preparing siblings or children to take over in the future.

C4: 'If my brother is involved in the business today, it's because I got him interested in it.'

C16: 'My first daughter has a very managerial personality. I take her with me to many exhibitions.'

Candidate for vacant roles: When essential roles were left unfilled -especially those requiring high trust - women either volunteered or were asked to assume them, even temporarily.

C2: '(My brother said) we have our own jobs and can't take care of the horses. I said, if no one else is coming, I'll do it.'

C13 (Father): 'My daughter's husband was here and left, and we needed someone who was a reliable person.'

4.4. Facilitation and social responsibility roles

Two roles were identified in this group:

Facilitator of women's inclusion: Even when not in management roles, women advocated for the recruitment of female employees, and when they are in middle management positions, they use more women in their work teams.

C9: 'I try to hire mostly women so they can gain financial independence.'

C11: 'If there's a woman who actually knows how to operate the machine, I really prefer to hire women.'

Socially responsible actor: Women took initiative in CSR projects, supporting female-headed households, aiding children with cancer, and implementing public health programmes (e.g. cancer screening for female workers, blood donation).

C5: 'We started doing social responsibility work, like breast cancer screenings in industrial units.'

C16: 'We had social responsibility, we worked with the Mahak charity, and for every motorcycle we sold, we paid a certain profit to Mahak in Tehran.'

4.5. Identity, continuity, and sustainability roles

Five roles emerged in this domain:

Identity builder: Establishing a recognisable brand and identity was a key concern for many women.

C8: 'I insisted on brand registration and developed a visual identity for the business.'

C3: 'We created a brand so that we can advertise.'

Role model: Women inspired younger siblings and female employees by actively participating in the business.

C4: 'I was the oldest of all the children. If I hadn't worked at the print shop, the others wouldn't have joined either.'

C17: 'It means that my influence has been such that my colleague has unconsciously become like me.'

Key piece: Some women were so integral to business operations that their absence would jeopardise continuity.

C12: 'Without me, I'm sure this factory - my father's legacy - would have eventually slipped from my mother's hands.'

C14: 'I will manage everything from start to finish myself.'

Policymaker: Women played a decisive role in setting strategic directions for the business (most commonly shared role across cases, observed in 17 cases).

C1: 'Given the need I saw in the market, I tried to focus more on importing products from China, due to the price, variety, and presentation of products that the Iranian market wanted . . .'

C11: 'I have concluded that obtaining paper from Mashhad is not cost-effective, so we reviewed

various options. Ultimately, I reached the conclusion that buying paper from the city of Tehran in trailer loads relative to the volume of work we have can be very economical for us.'

Unity builder: Our findings show that daughters made efforts to promote family cohesion and unity. They sometimes did this by forgoing a larger share of the profits or by trying to resolve work-related grievances between family members.

C17: 'Profits were distributed equally, and I was genuinely happy - even when I knew my siblings needed extra income, I tried harder to make it possible.'

4.6. Operational and executive roles

This final group includes four roles:

Basic employee: Most women began their careers in entry-level roles, performing basic administrative or manual tasks.

C15: 'Our foreign procurement manager used to tell me, "Type the letters."'

C6: 'At that time (when I first entered the business), I did various tasks for my father. I even worked as a secretary for him.'

Organizer: Women often assumed responsibility for neglected operations, implementing order in both documentation and workflows.

C10: 'We had an R&D department, but it needed follow-up. When I took over, I made sure everything ran on schedule.'

C12: 'One of the other things I did was to separate the document of the company's building, which had a commercial section, because this document was industrial and needed to be separated.'

Consultant: Our findings show that daughters in family businesses sometimes reach positions at the highest levels of management, where they are directly consulted on key decisions.

C2: 'I was his (my father's) advisor. Before making a move, he'd ask, "What do you think I should do?"'

C17: 'My father asks my opinion on many business-related matters and consults with me. He does not proceed without my approval.'

Supervisor: After rotating through departments, women often retained oversight over their former units.

C10: 'That shift moved me away from accounting, and I focused purely on supervision.'

C4: 'As I progressed section by section, I reached the financial section, where I realised there was a discrepancy. Our expenses and revenues did not match.'

Table 2. frequency of role occurrence across interviews

Role category	Role title	Number of times the code is repeated	Number of cases with this code
Management and leadership roles	Senior manager	87	16
	Middle manager	67	14
	Empathic manager	22	11
	Symbolic manager	6	4
Transformative and innovative roles	Business developer	319	16
	Idea generator	18	8
	Innovator	30	11
	Moderniser	29	7
	Structurer	15	7
	Systematiser	40	7
	Knowledge enhancers	28	13
Ownership and succession roles	Owner	16	12
	Successor	44	12
	Successor developer	8	3
	Candidate for Vacant Roles	24	10
Facilitation and social responsibility roles	Women's inclusion facilitator	27	9
	Socially responsible actor	12	5
Identity, continuity, and sustainability roles	Identity builder	18	6
	Role model	5	4
	Key piece	25	10
	Policymaker	81	17
	Unity builder	2	2
Operational and executive roles	Entry-level employee	97	15
	Organiser	18	4
	Advisor	5	4
	Supervisor	25	7

5. Theoretical Implications and Conclusion

The findings of this study respond to the question: *'What is the role of women in family businesses within the underexplored and adverse context of Iran?'* The research was conducted using a multiple case study approach through the lens of identity theory. Based on this theory, the study examined the behaviour of daughters in 17 family businesses, identifying the various identities they construct for themselves, which are manifested through different roles (Stryker & Burke, 2000). According to this perspective, individuals possess multiple identities (Sundaramurthy & Kreiner, 2008), a phenomenon also observed in the study's participants: daughters with multiple, stratified, and interdependent identities who choose to perform different roles depending on their contextual prominence (Stryker, 1968). These roles change over time, and in the case of women, such changes are deliberate and the result of their own efforts (Poza & Messer, 2001).

In general, women enter the family business through basic operational roles, such as entry-level employees, but progressively - and in an effort to move away from invisible roles - they develop innovative ideas that position them as idea generators and Innovators (Arzubiaga et al., 2018; Bauweraerts et al., 2022; Campopiano et al., 2017; Post et al., 2022). Furthermore, their continuous activities aimed at improving the business position them in roles such as modernisers, systematisers, structurers, organisers, knowledge enhancers, and in more advanced cases, business developers (Félix & David, 2019). This study also showed that, due to the nature of family businesses, most daughters assumed owner roles (Belenzon et al., 2016; Lee et al., 2016; McDonald et al., 2017).

Brand development was a notable concern among them; in businesses without a registered trademark, their emphasis on the company's name, legacy, and continuity led them to play the role of identity-builders. Likewise, to ensure

business sustainability, they adopted the roles of role models for other children, successor developers (Discua Cruz et al., 2024; Duarte Alonso & Kok, 2021; Zehrer & Leiß, 2019), and unity builders (Lowe & Evans, 2015; Poza & Messer, 2001). After being promoted in each department, they acted as supervisors of their previous department, despite being transferred to another department, and being placed in different positions made them more proficient and became key piece. One of the most notable roles identified was that of 'candidate for vacant roles', as they often volunteered or were nominated by their families to fill critical personnel gaps. Their sensitivity towards social responsibilities also led them to play the role of socially responsible (Campopiano et al., 2019; Peake et al., 2017). After formally integrating into the business, they attempted to increase female participation by acting as women's inclusion facilitators. Even without holding executive positions, they actively participated in decision-making as policymakers (Mogaji, 2023; Nordstrom & Jennings, 2018; Santiago, 2011; Danes & Olson, 2003).

Over time, as they demonstrated their abilities and gained acceptance from others, they assumed middle management roles. Once they earned their parents' trust, they were positioned as advisors, successors (Ahmad et al., 2024; Calabrò et al., 2018; Mussolino et al., 2019; Nelson & Constantinidis, 2017; Sentuti et al., 2024), and senior managers (Calabrò et al., 2024; Hashim et al., 2021; Hernández-Linares et al., 2024; Page et al., 2023; Rachmawati & Suroso, 2022). Overall, they favoured an empathetic management style, thereby fulfilling the role of empathetic managers (Danes, 2005). In a few cases, despite their efforts and achievements, their responsibilities remained limited, placing them as symbolic managers. The narrative of their struggle to attain leadership roles, such as CEO or successor, and to gain the trust of their parents, was a constant theme in their accounts. Comparing these findings with previous studies indicates that most of the roles assumed by women in more favourable contexts were also observed in Iran, despite its structural constraints. However, some roles identified in this study - such as key piece, identity-builder, candidate for vacant roles, and women's inclusion facilitator - have not been reported in previous research. Additionally, roles such as moderniser, systematiser, and organiser have not been explicitly identified in other contexts, although implicit references to these concepts exist. Notably, special emphasis was placed on the role of business developer (the most frequently mentioned) and the policymaker role (present in every interview), reflecting the unique conditions of Iran, where, as an adverse

environment, women must strive intensely to gain visibility, influence, and power.

Among the practical implications of this research, which highlights the importance of women's roles in family businesses, are the impact on strategic decision-making for family business owners and the help in passing laws to facilitate the presence and growth of women by policymakers in unfavourable conditions for women, especially in Iran. In addition, telling the story of women's struggles in reaching key roles in these businesses can facilitate their acceptance by family and society. Nonetheless, further research is recommended to explore the reasons behind these differences.

6. Limitations and Future Research

Since this study was conducted in a context unfavourable to women, we were faced with limited access to cases that had interview conditions. Therefore, longitudinal studies, especially longitudinal studies with women before and after assuming managerial positions, narrative analyses of identities or comparative approaches between Muslim countries with different levels of acceptance of women's leadership in the same cultural context, especially comparative analyses between Middle Eastern countries, are recommended. In addition, in some cases, there was no willingness to be interviewed due to family problems on the part of the daughters or their families. Therefore, interviewing only those who agreed could bias sample selection towards more capable and notable samples. Therefore, it is recommended to conduct further studies to record silent voices in future research through other methods such as ethnographic methods, indirect interviews, and analysis of family documents.

Author contribution statement

The authors contributed equally to the work.

Conflict of interest statement

The authors declare no conflicts of interest.

Ethical statement

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

Declaration on the use of generative AI in the writing process

During the preparation of this work, the authors did not use generative AI.

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