THE STRENGTH OF FAMILY TIES: AN ANTECEDENT OF NEXT GENERATION MEMBERS’ KNOWLEDGE ACQUISITION, BEHAVIOR AND SELF-ESTEEM

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DOCTOR EN CIENCIAS ECONOMICAS Y EMPRESARIALES (DIRECCION DE EMPRESAS)

IESE
UNIVERSITY OF NAVARRA

Thesis Director: Professor Josep Tàpies
2008

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“People often become interested in particular topics because they relate to them in some personal way” (Reber, 1993, p. XX).

To my family…

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ACKNOWLEDGEMENTS

Saying “thanks” is particularly gratifying when the people you express thanks to have been side by side with yourself not only during the pleasant and sunny moments, but also in the course of the confusing, hard breaking changes and storms of life.

In a major year-long project such as this dissertation, there are so many people who made important contributions that it just seems unfair to mention just a few. Without their help, this goal would have been impossible to achieve. Because of this, I’ve decided not to write a never ending list --where I may forget someone-- but a general acknowledgement to all those individuals who cooperated and made this goal possible to achieve.

To my parents, who have taught me what is to be committed, passionate and enthusiastic about what one really likes, and whose constant support throughout this endeavor pushed me onward to achieve the impossible, my entire gratitude!

To Josep Tàpies, who offered me tremendous support and advice through my Ph.D. journey; who gave me support when I was down, guided me when I was confused, and pushed me on to achieve my targets, I express my admiration. I owe much of my doctorate to him. Without his insistence, I would never have accomplished this goal.

To my committee members and to all the endlessly list of colleagues, professors, and friends who read my materials, challenge my ideas and provided me with constructive feedback, I’m indebted to you all. Thanks for your time, for your concern and for acting as springboards and tennis rackets when confronting my ideas. You’ve shaped with your thought-provoking remarks (even if you have not noticed) my own way of thinking, acting and viewing things.

Last but not least, to Trinidad Fernández, Xavier García and to all of those who provided me not only with economic and moral support throughout this career, but also with the wisdom to understand that happiness is not an end in itself but a journey, I’m truly thankful.

Thank you all!
Rosa Nelly Treviño-Rodríguez
THE STRENGTH OF FAMILY TIES: AN ANTECEDENT OF NEXT GENERATION MEMBERS’ KNOWLEDGE ACQUISITION, BEHAVIOR AND SELF-ESTEEM.

INTRODUCTION

My doctoral studies, research and dissertation had been driven by a personal desire to understand and comprehend family dynamics and how they affect Next Generation Members pertaining to family firms. The fundamental question I was/am interested in is: Do family ties impact Next Generation Members’ desire to join the family business? And if so, how and why? Yet, although a lot of research has been done about succession planning, few studies focus, from a NGMs’ perspective, on the factors affecting the next generation involvement in the family enterprise; even less on how family ties impact NGMs’ appeal to join or not the family-owned or controlled firm.

Business operates within a web of institutional and personal relationships, and family businesses are not the exception. In fact, in family firms, relationships tend to be even more complex and potent that those encountered elsewhere, affecting and influencing the continuity of these enterprises. The proximity of many participants to each other (ties) and the multiple roles played by family and non family individuals increases the difficulty of successfully understanding and managing the many relationships, emotions and managerial aspects that are found within the family business context.

Many people have asked me why I’ve chosen “family business” as an area of research. Considering that the economic landscape of most developed and developing nations is dominated by family firms, I’m sure that understanding the dynamics under which this kind of businesses work will not only contribute a lot to academic research and progress of theory, but also to the development of a management science. Moreover, considering that family businesses are the motors of huge and small economies, creating jobs and potentially enhancing the way things work out, my pragmatic and almost non arguable answer is “the probability you may have worked for, currently work at, or will be working in one of these firms is so high, that you’d better understand them”. I usually get, as a reply, a reflexive and deep silence…
Although family firms have been studied using different dimensions, it has not been until the last decade that the “family” as such and its reciprocal “relationships with the business” have received considerable importance. Recognizing that the family and the business systems are intertwined and that the family firm continuity depends on the reciprocal impact of family on business and business on family is a key issue when dealing with long-term survival. The strength of family ties among and between family members, and the emotions those bonds foster regarding the family and/or firm, will greatly influence their behavior and self-conceptions –including that of Next Generation Members (NGMs)--, impacting both, the family interactions and the business dynamics. Therefore, a better understanding of family ties and of how their strength or weakness affects family members’ deeds and identity is needed in order to deal successfully with the long-term survival of family enterprises and the family well-being.

In the first essay, “Family Ties and Emotions: A Missing Piece in the Knowledge Transfer Puzzle?”, I explore how the strength of family ties and emotions influence NGMs’ knowledge acquisition, bringing into stage a knowledge transfer model for family firms. By examining the relationships that exist among and between family business members, some sense can be made of what is involved in the knowledge transfer process of cultural-traditional and technical aspects within the family enterprise. Family-NGM (individuals) and NGM-Family Business (individual-business) relationships deserve deep analysis due to their uniqueness and importance when dealing with succession planning, next generation training, knowledge transfer from the generation-in-charge to the next generation as well as with intangibles concerned with the individual self-concept, identity and attitudes.

The quality of the relationship between family members in general is crucial. Communication channels that foster improving mutual understanding, among generations and across family and key non-family members, are important whenever growth and survival is the prime goal in the family business strategy. The relationship between the NGM and the business is key whenever attitudes and feelings of self-identity are taken into consideration. NGMs’ behavior is a consequence of psychological and social processes –i.e. commitment—which are highly affected by family connections, bonds, traditions and cultural perspectives.

In the second essay, “To Join or Not to Join the Family Business? Next Generation Members’ (NGMs) Entry Tendency”, I look into the drivers--centrality
(conscious desire) and salience (unconscious desire)--that impact NGMs’ decision to join or not the family enterprise; as well as if these drivers or desires are related to the NGMs’ commitment to the NGM identity/role and/or to family ties and traditions. We found out that when NGMs feel a strong association with their business, with their family, and with the role they play (NGMs’ identity), they are more likely to understand and discover ways for them to adjust and participate in the business, being therefore more predisposed to join the family firm. However, when future successors have not the desire, motivation or interest in strengthening their association to the business or committing to their role-identity as family business members –which is positively affected by family ties and traditions--., their intended and actual behavior will vary according to their judgment and interests.

In this second paper, I extend –following Stets and Burke’s (2000) model-- a fresh stream of research regarding psychological centrality and identity salience as complementary psychological concepts that predict behavior. I found out that salience of being a family business NGM (unconscious desire) is a powerful antecedent of the NGM intended behavior, while psychological centrality (conscious desire) of being a NGM is much more related to actual deeds (being active in the business). However, both are significant predictors of next generation members’ conduct regarding joining or not the family enterprise.

In the third essay, “For Aging Next Generation Members Working in the Family Firm, Psychological Ownership Is Not Enough”, I explore the relationship between the strength of family ties and the level of psychological ownership NGMs working in the family firm have, as well as how this is connected with the NGMs’ perceived level of self-esteem along time. Interesting tendencies regarding psychological and legal ownership where detected, suggesting that NGMs’ psychological ownership contributes negatively to their self-esteem as time passes by and NGMs continue working in the family firm without being entitled with real ownership. In addition, these findings also put forward the idea that NGMs’ perceived level of self-esteem is indirectly and negatively influenced by the NGM age (life stage), while directly and positively shaped by legal ownership. Moreover, it’s interesting to note that the positive effect of family ties and traditions over the NGMs’ level of self-esteem is not direct, but mediated by the psychological ownership construct.
Overall, the three essays offer a detailed analysis—conceptual or empirical—of how the strength of family ties affect not only potential knowledge flows among and between family members, but also explore the conditions under which different levels of strength would produce diverse psychological and/or concrete commitment outcomes, therefore influencing NGMs’ behavior towards the family firm. To this end, it emerges the necessity of considering possible NGMs’ relationships with ownership, as well as their perceived worth as family business members. Without understanding how the human nature compels individuals to behave in certain ways, we would not be able to understand how and why NGMs sometimes react as they do, leading to a spiral of conflict, confusion, frustration and confrontation among family members and weakening the family enterprise, challenging both the family bond continuity and the family business survival.
Family Ties and Emotions:
A Missing Piece in the Knowledge Transfer Puzzle?

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ABSTRACT

There are several learning/knowledge acquisition models and theories that show how information flows among individuals and organizations. One of these learning theories is that of Cultural-Historical Activity (CHAT). When analyzing CHAT as a general knowledge transfer model and applying the master-apprentice relationship tool within it to family firms—with kinship involved—we found out that it doesn’t hold without modification. Family Ties and Emotions, two issues not considered in the general knowledge transfer scheme, affect knowledge transmission flows as well as the commitment and motivation of individuals (Next Generation Members) to learn—especially idiosyncratic knowledge. This paper wants to set forward the idea that the strength of family ties and emotions modify the master-apprentice relationship tool used within CHAT when intergenerational knowledge transfer is sought within family businesses. Based on CHAT first generation, we develop a model that explains how intergenerational knowledge transfer takes place in family firms. Our Next Generation Learning Model (NGLM) includes not only the subjects of learning, the kind of learning acquired, and the way they acquire it, but also a reason to do so and its connection to family ties and emotions.

KEYWORDS

Family Ties, Tradition, Knowledge Transfer, Learning, Idiosyncratic Knowledge Acquisition, Family Firms, Family Business, Emotions, Identity, Next Generation Member.

NOTES:

* Along the text, you’ll find quotations that include information within brackets. All the information within brackets has been added by the author of this paper.

** Special thanks to all interviewees for allowing me to publish their dialogues, and to my consulting colleagues who helped me a lot while doing this investigation.
INTRODUCTION

A lot of work has been done in the area of knowledge management and transfer, as well as on the variables promoting, inhibiting or impacting learning or knowledge acquisition. Indeed, there are several learning/knowledge acquisition models and theories that show how information flows among individuals and organizations, illustrating how the process of learning actually unfolds. One of the learning theories that has evolved through three generations of research, and which we will address in this paper is that of Cultural-Historical Activity (CHAT).

We have chosen this theory of knowledge among others such as Nonaka and Takeuchi’s (1995) framework of cyclic knowledge creation –based on conversions between tacit and explicit knowledge-- due to 1) its potential to show/analyze the relationships/connections between individuals, 2) its focus on the individual as its unit of analysis, and 3) its acceptance of the continuous questioning of the existing standard practice, which provides a dynamic explanation of how knowledge is continuously created.

Indeed, theories of organizational learning are typically weak in spelling out the processes and/or actions that make up the learning process, in particular in depicting how knowledge is created. For instance, a central difficulty in Nonaka and Takeuchi’s model is precisely that the assignment for knowledge creation is seen as a given --it is considered as a management decision outside the bound of the local process--; CHAT, on the other hand, allows an expansive learning process, where subjects continuously question their knowledge acquisitions, analyze and evaluate them (Engeström, 2001) in order to adopt, adapt and apply them.

When analyzing individual knowledge transfer using CHAT, we center on the idea of mediation between stimulus and response. That means that in order to learn about something, an individual would use a mediating artifact or cultural mean to acquire knowledge about the desired object. Going further in the individual learning process, we consider this mediating artifact a tool to transmit a certain kind of knowledge that due to its complexity can not be given directly, either because the
persons involved are not aware of it, or because it represents a specific way of doing things in a certain context.

One of the most famous models used to explain the transmission of skills and tacit knowledge is that of the master-apprentice relationship exposed by Polanyi (1975). Thus, we propose that the master-apprentice relationship is a tool within the CHAT framework that helps the individual to acquire knowledge from different sources about a certain object.

Engeström (2001), while exposing the emerging third generation of activity theory (CHAT—collective interactive activity systems and network theory), states that any theory of learning must answer at least four central questions: 1) Who are the subjects of learning, how are they defined and located? 2) Why do they learn, what makes them make the effort? 3) What do they learn, what are the contents and outcomes of learning? 4) How do they learn, what are the key actions or processes of learning? Although we agree with him on the questions addressed, we think, based on our previous personal and professional experience, that there’s a key variable that Activity Theory has not considered since the beginning: The strength of the relationships between the subjects—kinship ties and subsequent emotions.

In fact, we question ourselves if the master-apprentice relationship which acts as a tool/mediating artifact in the transmission of tacit/ idiosyncratic knowledge and skills within the CHAT first generation framework would work without any modification when it involves kinship. That is, when it is applied to explain the intergenerational knowledge transfer process that takes place between founder/generation-in-change and Next Generation Members (NGMs) in family firms. The records of a clinical case we studied while participating in a consulting team, and which were collected after proposing the changes to the theory (master-apprentice relationship within the CHAT framework) suggest that it doesn’t.

Thus, this paper wants to set forward the idea that the strength of family ties and emotions modify the master-apprentice relationship when intergenerational knowledge transfer is sought. If an NGM wants to learn about his/her specific and unique family
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business (enterprise), s/he would tend to learn/acquire knowledge from his/her parents (family) who run the business (object). One way of doing so is by using as a tool the master-apprentice relationship. However, in order for that dynamic learning/knowledge acquisition process to play out, the NGM must be motivated to learn/acquire knowledge; a condition highly influenced by the strength of the family ties and his/her emotions toward the family (parents) –among other drivers--. It is noteworthy to mention that we regard a firm as a family business when several members of the family (at least 2) have all together at least a 51% share of the company ownership, participate in the firm’s management and have a decided intention to pass it on to NGMs (continuity vocation).

The recorded case-experience presented here suggests that our proposed changes to the theory and modified master-apprentice-CHAT model (NGLM), considering the impact of family ties and emotions in the intergenerational knowledge transfer process within family firms, could be considered an elaboration of the current theory. This modified model operates beyond the current status of CHAT, explaining the situations exposed and proposing that family ties and emotions not only play a role, but also influence the knowledge transfer final result in context-specific environments such as family firms –among other factors—. It also answers Engeström’s four questions that any theory of knowledge must respond, intending to explain how intergenerational knowledge transfer takes place in family firms.

The text is organized as follows. First, based on the current theory, we explore and describe how intergenerational knowledge transfer in family firms happens, building our study within the CHAT framework and with reference to the master-apprentice relationship tool. We put forward the idea that the master-apprentice relationship tool applied within the CHAT knowledge transfer model is not completely valid when dealing with family firms. Therefore, we propose a modified CHAT model—Next Generation Learning Model in Family Firms (NGLM)— including family ties and emotions. After that, we show how our modified model answers Engeström’s four questions. Next, we introduce the clinical study dealing with succession in family firms, exposing ahead of it, the methodological approach we followed. This study allowed us to analyze the knowledge transfer process that had taken place between the
founder and his offspring *a posteriori*, since we have done it after suggesting changes to the theory and due to our participation in a consulting process. We also include as well a brief counter-example (case) in order to show as how this modified model applies only under specific circumstances (not generalized). Finally, in the discussion and conclusion section we summarize the main findings of the paper and state its contributions, explaining the theoretical, educational and practical implications of our research.

**LEARNING/ KNOWLEDGE ACQUISITION IN FAMILY FIRMS**

Several authors (e.g. Araujo, 1998; Tyre & von Hippel, 1997) have associated the results of learning—knowledge acquisition—with interpersonal relationships (e.g. family relationships) and a specific context (e.g. family and/or family firm). However, the results of learning imply not only a knowledge acquisition element but also a behavioral component, since learning entails the development of the individual’s problem solving abilities. These problem-solving abilities applied to the family business could have either positive or negative outcomes, depending on the faced situation and on the short or long term perspective the individual takes—among others—. Due to its connection with action-oriented outcomes, in this paper, we will use Tsoukas and Vladimirou’s (2001) interpretation of knowledge, which is characterized as the individual ability to draw distinctions, within a domain of action, based on an appreciation of context or theory, or both; a focal aspect of this definition is that it presupposes values and beliefs, and that it is closely connected with action, allowing us to analyze the knowledge transfer flows among individuals and entities as a dynamic/continuous process which materializes through behavioral outcomes.

While analyzing the relationships among the potential “individual” successor and the other actors influencing his/her knowledge about/behavior towards the family firm, we frame our study within CHAT first generation model. The key concept of CHAT first generation is mediation: artifact-mediated and object-oriented action. A person never reacts directly to the environment, but through the use or mediation of tools, cultural means, signs, etc. CHAT first generation does not consider the possibility of learning directly about the object; it analyzes the knowledge flows based on a mediation artifact—see Figure 1-0 below.
CHAT interactive and dynamic stimulus-artifact-response framework permits us to explore flows of knowledge in a systematic way, letting us to study these interactions across the three systems (individual, family, business) we are interested in.

Thus, based on Tsoukas and Vladimirou’s interpretation of knowledge and on CHAT model about how learning takes place—through a mediation artifact—, we apply the same tripartite structure of knowledge acquisition, which tacitly implies “transmission”, to our main issue: Learning/ Knowledge acquisition and transfer in family firms. The objective is to apply the CHAT model to the family context in order to explain how NGMs acquire knowledge/learn how to run the family business (learning plus action elements). Consequently, the main unit of analysis remains primarily at the individual level/family context.

The NGM learns about the enterprise using the social context that the family provides. Consequently, the CHAT model relates the SUBJECT, the OBJECT and the MEDIATING ARTIFACT in the following way:

1) The SUBJECT— represented by the NGM(s)—must learn/acquire knowledge (ACTION) about how to run the family firm (OBJECT).
2) To do so, the SUBJECT needs a cultural artifact that helps him/her carry on the human activity (Knowledge Acquisition).
3) This mediating cultural artifact is represented by the FAMILY. The family, sustains the whole system and gives meaning to the family firm. Indeed, here the differentiation between a family and a non-family business becomes crucial, since “the family” becomes a critical variable in the learning process.

And, although treated as independent actors (to reduce complexity), the NGM, the family and the enterprise could be considered as interrelated constituents of the whole process.

CHAT works as a knowledge transmission model, explaining up to an extent the relationship between the NGM-Family-Family Business, as some complex skills needed to manage the family business can only be mastered “by example” (Bandura, 1986). And learning by observing others can only be achieved in a social context (mediating artifact). We need at least two persons in order for one to observe and the other one to teach “something” by example. These two persons should be immersed in a proper context that facilitates personal interaction and knowledge creation in order for learning about that “something” to take place. However, it has to be said that learning by example is not new, especially in family firms, where the family is so involved in the process of raising the NGMs.

In fact, Bandura and McDonald (1963) showed that the behavior of a role model (e.g. founder) is a more powerful influence on the behavior of children (e.g. NGMs) than the reinforcement of a particular behavior, thus fostering learning and knowledge acquisition. “Modeling has always been acknowledged to be one of the most powerful means of transmitting values, attitudes, and patterns of thought and behavior” (Bandura, 1986, p. 47-48). Thus, learning and knowledge transfer (acquisition) takes place in and through a social dynamic context. Indeed, in some languages the word for “teach” is the same as the word for “show” (Reichard, 1938; Bandura, 1986). Accordingly, the cultural artifact (family) turns out to be a meaningful socio-cultural entity that pervades the object and composes the focal target (enterprise), and which at the same time influences the behavior and knowledge acquisition of the subject/person (NGM).

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2 A number of studies have shown that family firms tend to be different from non-family firms in aspects such as: performance (Anderson & Reeb, 2003); policies on ethics (Adams, Tashcian & Shore, 1996); succession and post-succession performance (Gómez-Mejía et al, 2002); corporate governance (Randoy & Goel, 2003); and post-integration outcomes (Trevinyo-Rodriguez & Tapies, 2006), among others.
Although the CHAT first generation model works for explaining –up to a point– how knowledge is transmitted in family firms –via the family social context as mediating artifact–, it does not take into account explicit variables within the family framework impacting the knowledge transfer process. When referring to explicit variables, we mean specifically family traditions, family ties and emotions between/among family members. These variables matter (based on our personal and professional previous experience) because they are needed in order to explain thoroughly the learning practice that takes place between/among family members in family firms, which affects positively or negatively not only knowledge acquisition, but also NGMs’ behavior (e.g. motivation to learn about the business, desire to join or not the firm, etc.).

The relationship between these variables and the learning process could be explained through Polanyi’s concept of knowledge. Indeed, one of the central ideas in Polanyi’s concept of knowledge is tradition. Tradition describes how knowledge is transferred precisely in the mentioned social contexts (family).

The tradition is a system of values outside the individual which can be called, in organizational behavior terms, culture, or in knowledge management language, shared belief structures. Indeed, the word “tradition” denotes a social system which takes up, stores and conveys the knowledge of society (Sveiby, 1997). This kind of “social”/”traditional” knowledge-transfer is in fact represented by the master-apprentice relationship (craftsmanship) which has been historically conceptualized as a kind of external mentorship, therefore excluding family affiliations. The master-apprentice relationship, in use for centuries, follows this structure:

“The individual lets the... cultural patterns of the tradition form his own idiosyncrasies into an image of reality, irrespective of whether his tools are patterns of thought, patterns of action or social institutions. As time passes, some of the values are validated and transformed cognitively into beliefs about how things are. They are, therefore, no longer in need of being tested so they become a taken-for-granted tacit knowledge shared by the members of the group” (Sveiby; 1997, w/p).

Indeed, the master-apprentice relationship represents a transmission tool within the knowledge transfer system. However, although the tradition tool represented by the
master-apprentice relationship may be an instrument that explains the transmission of skills and knowledge within the CHAT general knowledge acquisition/transfer model – via the family--, in specific situations, the concept won’t be appropriate without modification when applying it to family firms; that is, when the master-apprentice relationship involves kinship.

As Lebowitz (1943) stressed, when knowledge is transmitted in a social dynamic context it is inseparable from the communication of beliefs (traditions). These shared beliefs generate a sense of belonging to a group and indirectly build up ties among people. However, when these ties happen to be family ties, the development of a stronger kind of affect among individuals (deep emotions) is nurtured, having a significant effect (positive or negative) on the learning/knowledge acquisition process and behavior of individuals (NGMs decision-making procedures).

Therefore, two reasons why the master-apprentice concept used within the CHAT knowledge transfer model won’t apply when kinship is involved are:

1) Family Traditions and Ties—Linked with Personal Identity / Commitment
2) Emotions—Impact on relationships and idiosyncratic knowledge exchange.

Throughout the following sections we will explain in more depth how each one of these two abovementioned reasons impact the master-apprentice relationship (tool) when kinship is considered, modifying consequently the general knowledge transmission model (CHAT) when applied to family firms, and justifying our call for a new knowledge transfer proposition involving family traditions, ties and emotions in such cases. We will concretize the theoretical ideas of this paper (and suggested changes in the current theory) with the help of examples from our clinical case, thus showing, as we go, how this a posteriori experience seems to match our intuition for updating the CHAT model.

1) **Family Traditions and Family Ties**

Tradition conveys a sense of belonging, but this sense of belonging may have different degrees of attachment to others. There’s a big difference between being part of
a community, where there is at least some commonality of interests, and being part of a family where blood ties, values, beliefs, some behaviors and even a family business are shared. Family traditions are different from general traditions (regional, national, etc.).

General traditions make up an abstract set of rules that conforms a mental framework which will impact our decisions and actions, but from which we can detach if it’s necessary to do so. It’s a depersonalized belonging which makes us pertain to a larger social system, “enabling one to become part of something more consequential than oneself...part of a community” (Ashforth, 2001, p. 71). The group members tend to assume, because of their collective identity, that they share certain goals, values, beliefs and commitment to the collective. One example of this kind of belonging is the master-apprentice relationship, for example that of a jeweler and pupil with no family connections at all. The apprentice passes through a process of assimilation and will eventually identify himself with the jeweler’s group.

On the other hand, family traditions are related to family ties. They are completely personal, close to us. They involve our own relatives, certain self-experiences, and a sense of self-identity. They are linked not only to the overall beliefs and rules that guide our decisions and actions while living in society (external force) but to kinship, family identity and to our own development as a person, becoming a part of our state of being (personality).

Consequently, detachment from that individualized/personalized identity is an almost impossible issue, since to do so, we would have to detach from ourselves (personality/individual identity). Family tradition poses a personal meaning and dimension (internal force), and it’s exactly due to that personal dimension that it is more a shared responsibility than the general rules and categories imposed through time by the society. “In a family having a strong and dominant tradition, major decisions may be taken with reference more to the continuity interest than to the happiness of the persons involved. In such a case a family member does not merely have his own life to lead, but must also bear in mind that s/he is a trustee for past and future members of his[her] family line” (Faris, 1946, p. 159-160).

When talking about family traditions we are referring to a personalized kind of belonging/interpersonal attachment–family ties. It’s a kind of belonging that refers to the sense of attachment that an individual derives from knowing that one or more others are familiar with and like him/her as an individual (Ashforth, 2001). Yet this kind of
belonging is most of the time due to the family context the individual participates in, and to the roles s/he plays in it (e.g. son, brother, parent, etc.). The context provides the individual (NGM) with a sense of meaningful interaction, as well as with a sense of who s/he is in that context. As a result, the NGM relies on family traditions which build up family ties when acting or deciding issues related to the realm of the family (e.g. learn/acquire knowledge about the family firm). “This reliance is a personal commitment which is involved in all acts of intelligence by which… [NGMs]… integrate some things subsidiarily to the centre of… [their]… focal attention” (Polanyi, 1975, p. 61). Yet NGMs are not conscious of the actions by which they achieve this family ties commitment, which implies a sense of responsibility toward the family traditions, and an explicit desire to have them perpetuated (Faris, 1946). They may forget about their country/nation/ethnicity, but they could not forget about their family because when doing so they are also denying themselves. Family and blood ties are a given at birth, not a chosen matter.

As a result, the knowledge transfer process in family firms—the master-apprentice tool modified by traditions and ties—works when the FAMILY acts as a mediating artifact in conjunction not only with general traditions, but also with family traditions and ties, as the interviews below illustrate. In this case, family traditions and ties act as an intertwined tool embedded in the family context. “The identification of a thing as a tool… implies that a useful purpose can be achieved by handling the thing as an instrument for that purpose… [I]… can not identify the thing as a tool if I do not know what it is for…” (Polanyi, 1975, p. 56). In this case, family traditions and ties act as a tool in the knowledge transfer process because they help the NGM to:

1) Develop his/her own self-identity/conception (sense of being, attachment and belonging impacting the conception of who s/he is),

2) Develop a sense of shared responsibility toward the family and its related matters, since NGMs adopt, adapt and apply the traditions that the family passes on from one generation to the other.
3) Develop a commitment towards the role identities s/he plays in the family context,

4) Build up a unique decision-making framework that works within the family context.

On the other hand, one has to account for the fact that there are also cases where the family traditions and ties don’t impact the knowledge transfer process positively. For instance, when conflict between family members make NGMs avoid being in touch either with the family or the business.

Undeniably, tools are created and transformed during the development of the activity itself and carry with them a particular culture. So, the use of tools is an accumulation and transmission of social knowledge by itself. How family actors produce tradition is unclear, but as the interviews illustrate, it is apparently produced behind the back of those involved, as they pursue their interests and carry on social relations (Kratz, 1993).

2) Emotions and Idiosyncratic Knowledge

When talking about individual behavior and mental functioning, we can’t leave out Individual Affect, since the individual process of becoming— from the social cognitive perspective of social learning—is composed by affect, behavior and cognition (Ashforth, 2001; Bandura, 1986). Indeed, affective learning, where neutral stimuli are directly and automatically connected to affective responses evoked by primary stimulation, has been studied thoroughly. Theories concerning the relationship between cognition, behavior and affect generally define affect in terms of “emotional arousal” (Bandura, 1986).

Numerous research studies (Bower, 1981; Picard 1997; Gadanho & Custódio, 2002; LeDoux, 1998; Underwood, 1983; Wickens & Clark, 1968) have proposed that emotional dimensions (affect) are a critical component of memory, representing an associative network connected to certain events, such as family actions, rituals, expectations, decisions, etc. In fact, Damasio (1994) suggested that humans associate
high-level cognitive decisions (for instance the decision to make a conscious effort in order to actively remember/learn what’s being experienced) with special feelings/emotions which have good or bad connotations dependent on whether choices have been emotionally associated with positive or negative long-term outcomes.

We have to consider that precisely because of family ties, strong emotions (positive or negative) flourish among family members. “Emotionality remains a strong and independent force in human affairs, influencing perceptions, coloring memories, binding people together through attraction, keeping them apart through hatred, and regulating their behavior through guilt, shame, and pride” (Massey, 2002, p. 20).

Different circumstances produce different emotions in the family relationship. Positive emotions foster a better transmission and understanding of family traditions, while negative emotions may inhibit the process completely. The latter may not happen in the master-apprentice relationship, where the apprentice wants to know “the hidden rules of the art”. That’s his/her main purpose, irrespective of the positive or negative feelings towards the master. It’s a time-specific non-emotional transactional relationship where both parts will get what they want—master needs an assistant/co-worker; apprentice needs a master to learn the office from. In the family, the master-apprentice relationship referring to the founder/generation in charge-NGM is much more complicated and long-lasting. Family ties that create strong positive or negative feelings influence the outcome of the learning process. “Emotion is therefore a function of intelligence and of knowledge, the indispensable link between knowledge and conduct” (Lebowitz, 1943, p. 103).

This may mean that when indifference or conflict (provoking negative emotions) is present between the master and the apprentice in a general knowledge transfer relationship, the consequences in the learning/knowledge acquisition and commitment capacity may not be as relevant as when it happens between family members. The latter is due to the fact that when conflict fosters negative feelings from the family (e.g. an old and legitimate family member such as the founder of the family business/father/mother) to the individual (NGM), this individual feels his sense of being threatened, even hurt. Heise’s (1977) affect control theory indicates that self and situational definitions
connote certain fundamental sentiments, that one seeks to experience and confirm through one’s behavior. People behave so as to confirm the sentiments associated with their identities (roles).

A negative experience may mark the NGM and last for a long time, even after the conflict has been solved. As a consequence, aversive personal family experiences may instill defensive behavior that is difficult to eliminate even when the hazards that provoked it no longer exist (e.g. founder/generation in charge-NGM conflict). This is because protective avoidance prevents individuals (NGMs) from learning that what they perceived to be “dangerous” is now actually good/safe (Bandura, 1986).

However, when emotions generated are positive, “[t]he affective dimensions and the psychological processes associated with those dimensions provide an extremely efficient way for people to assimilate knowledge…” (Morgan & Heise, 1988, p.30), especially, idiosyncratic knowledge. Therefore, if the founder/generation in charge-NGM relationship works well, the NGM would tend to acquire the tacit/idiosyncratic knowledge of the business in a deeper, easier (quicker) way than the apprentice does in the master-apprentice relationship.

“The family possessions, tangible and intangible, may be at the same time burdensome responsibilities and valuable resources… there are intangible forms of capital transmitted in family lines, which function to aid in the success of descendants and to bind a dynasty together… Any person who enters… [the] profession without the aid of a family apprenticeship is at a disadvantage in competition with second or third generation practitioners” (Faris, 1946, p. 160). The latter may be due to the shared mental framework that family members have thanks to their life-long relationship (family traditions, beliefs, culture, ways of behaving, roles to maintain the community, etc.). As Faris (1946) points out:

"Career knowledge is not the only form of intellectual capital that is of importance to family succession. A stable and progressing family line also requires a considerable amount of general folk wisdom regarding human relations. Some of this knowledge is transmitted in explicit form, by precept, proverb or parable… Even more important, however, is the inexplicit wisdom that is unobtrusively presented through examples or as a by-product of daily intercourse”. (p. 161)
According to Andreu and Sieber (2001) knowledge can be classified according to three categories: 1) Explicit / Implicit, 2) Individual / Collective, and 3) Idiosyncratic / General. “Idiosyncratic knowledge is that kind of tacit, less visible knowledge that is directly valuable and available in the business, which is capable of differentiating the firm from others in the market. It is an organization-specific knowledge that is embodied in the “way we do things here”, and that acts as an internal glue when the organization’s cohesiveness and sense of unity are threatened by the fast integration of external knowledge into the firm” (Andreu & Sieber, 2000, p. 7).

Idiosyncratic knowledge can be also called internal knowledge. And, although idiosyncratic knowledge can be found in any kind of firm, and at the implicit, individual level in the master-apprentice relationship, it is a concept which encloses the tradition tool we have mentioned before. Hence, we suggest that idiosyncratic knowledge in an organization (e.g. family firm) or in the master-apprentice relationship is most of the times based on traditions emanating from the society/group the apprentice wants to pertain to (which are general rules/general traditions and ways of doing things applied in that craftsmanship, but not intrinsically related to the individual/self/apprentice).

On the other hand, there is the family implicit, idiosyncratic knowledge based on family traditions, which relates intrinsically to the individual (NGM) identity and to his/her responsibility of continuity toward him/herself and towards the family. And, “[t]hough not universal, this desire for continuity is widespread. It appears not only in royal families—even domestic servants and tradesman… are proud of being the representatives of a line of reputable workers, or merely being the bearers of a good family name” (Faris, 1946, p. 159).

Accordingly, family idiosyncratic knowledge acquisition is subjected in the case of some family firms, to family ties and emotions –among other variables--, and not merely to the mechanistic learning of an art illustrated by the master-apprentice relationship.
In summary, we suggest that family ties, and therefore emotions, are a crucial element in the learning/knowledge of the family firm acquisition process. Nonetheless, they are a double-edged blade. When family ties are strong and emotions are positive, the learning process may be enhanced due to the positive reinforcement of the NGM self-identity. However, if family ties are strong and emotions have a negative connotation, the process may be inhibited and even completely blocked, altering the family social structure, as well as the self-perception of the NGM (if no other mechanisms are used to prevent this from happening).

Family ties and emotions can facilitate, complicate or completely inhibit the knowledge acquisition process in family firms. The fact that one works with family members to whom one is closely attached influences the motivation to learn and the enthusiasm one puts in the work done (behavior) either positively or negatively. Family ties imply expectations to be fulfilled, which end product relates to the NGM identity formation, development, affirmation, or crisis. When the NGM identity is threatened, the NGM tries to protect himself from the possible damage that could be caused, reaffirming his/her individuality—highlighting positive dimensions of themselves and not allowing others to shape/influence them—and being consistent with it.

The CHAT model assumes a triangular knowledge flow, one learns through the use of tools or artifacts. However, when dealing with family firms, the knowledge acquisition flow (including family traditions—idiosyncratic knowledge) is impacted in different grade not only by the artifact used (family social context), but also by family ties and emotions. The latter brings up an additional point to consider when using the CHAT first generation model, since in-between the NGM-Family-Family Business connections, the strength of family ties and emotions must be analyzed and evaluated in order to assess the impact they could inflict to the knowledge transfer process.

Figure 1-1 shows a 2X2 matrix that illustrates the possible relationship between family ties, emotions and idiosyncratic knowledge acquisition (tacit knowledge-FAMILY TRADITIONS).
Quadrant 1 considers that due to a low unity/cohesion level among the family members and to potential destructive emotions generated, the NGM might or might not be interested in learning (consciously or unconsciously) the business processes and family traditions. This location in the matrix could highlight a neutral or reduced position regarding the NGM knowledge acquisition character. The lack of a close affective relationship with other family members and a low commitment towards the family (which may suggest an eventual family conflict) could impact the number of possible interactions within the family business environment, consequently diminishing the training and possible conversations (generation in charge-NGM) about the skills and practices needed in order to run the family firm.

Quadrant 2 points out a situation where family ties are weak and emotions are positive. This location in the matrix reveals that even when the NGM is not highly committed to or interrelated with the family, if s/he holds positive emotions towards it, s/he may tend to learn its traditions (idiosyncratic knowledge) easily. This means that even if the NGM is not working “in” the family business, s/he may acquire knowledge
about it just by listening to family and business experiences and proverbs. In this case, the NGM may not know the technique or business skills, but s/he definitely knows the “sense” and “vision” of the business family. The latter would help him/her if later on in his/her career s/he decides to work in the family firm, since s/he would understand its processes and long lasting values. Nonetheless, s/he would have to take an intensive training course focused on business skills and techniques before being able to take business decisions.

In the upper right corner of the matrix we find quadrant 3. This location exhibits strong family ties and positive emotions. As it could be expected, in this intersection we assume no family conflicts. It’s precisely in this position where we suggest that knowledge transmission and acquisition is enhanced.

Finally, quadrant 4 emphasizes that when family ties are pretty strong, and emotions towards the family and/or business are negative, family conflict may arise. This potential conflict may inhibit the knowledge transmission and acquisition process, since NGMs would tend to react defensively towards any kind of transfer intention from the generation in charge.

When family ties are strong, positive emotions could suddenly transform into negative emotions due to rivalries, envy or power struggles. Whenever this happens, it’s difficult to go back to the previous stage quickly. Time, patience and perspective are needed in order to do so. Taking distance and moving from quadrant 4 to quadrant 1 is a first step. Then slightly shifting to quadrant 2 in order to finish again, in quadrant 3, is the most recommended strategy. Once again in quadrant 3 reconstructing the family relationship, connecting ties and working out any hidden emotional conflicts are three suggested actions to strengthen the family affiliation and establish rapport among members.

**CHAT MODIFIED MODEL**

As we have stated throughout this paper, family traditions, ties and emotions must be considered within the CHAT model. This is so, because its main transmission tool—the master-apprentice relationship— which works via the mediating artifact does not include kinship bonds. Since in this case, the mediating artifact is represented by the family and its dynamic context, the effect kinship has in the knowledge flows must be
accounted for. Thus, other ingredients such as family traditions, ties and subsequent emotions play a role in the final result.

Figure 1-2 below shows our proposed Next Generation Learning Model (NGLM) for family firms. As you may notice, it includes family traditions, ties and emotions explicitly, complementing the CHAT first generation model—and showing its application to the family firm context. As summarized in the Family Ties-Emotions-Idiosyncratic Knowledge Matrix (figure 1-1) ties and emotions relate (positively, negatively, positively-negatively or negatively-positively) affecting the learning process. Thus, in our modified CHAT model, the arrow named “Emotions / Family Ties” –located inside the triangle– represents the outcome of the detected relationship between ties and emotions illustrated by the Family Ties-Emotions-Idiosyncratic Knowledge Matrix (figure 1-1). Depending on this relationship, the knowledge process will flow, enhancing or inhibiting the desire of the NGM to learn enterprise and/or family traditions (idiosyncratic knowledge) and influencing also his/her identity. It’s important to note that we pushed further the Family Ties-Emotions-Idiosyncratic Knowledge Matrix (figure 1-1) in order to create the NGLM so as to develop a more dynamic knowledge transfer model. The Knowledge Matrix is static and does not show the continuous learning processes that an individual goes through during different stages of life. In the NGLM we assume this dynamism, since the NGM learns continuously and questions his/her knowledge acquisitions (i.e. traditions), analyzing and evaluating them in order to adopt or modify them.

The NGLM has three main sections (like a sandwich): 1) the inner triangle describing how family ties and traditions relate, 2) the outer elements showing who the main actors of the knowledge process are and how knowledge flows occur among them, and 3) the middle sector in between the two that illustrates which NGM identity (self–related to the family; and/or collective–related to the business) is reinforced/weakened depending on the kind of ties and traditions learned (general-business or family ones) and the knowledge streams accomplished.

When developing the proposed NGLM we assumed that the NGMs who participated in the learning process had the necessary skills—were competent, and were closely related to the family. However, when the latter is not true (i.e. NGM is not closely related to the family), this model may not apply, since family traditions, ties and emotions would be so weak that the motivation to learn of the NGM might be almost
nullified. On the other hand, there could be also cases where ties and emotions had provoked such a stressful and heavy conflict that the generation-in-charge/NGM learning process and knowledge flow breaks completely, disintegrating the family, the business, and in some extreme cases, splitting up both.

This NGLM for Family Firms—which considers family ties, emotions and traditions as main elements interacting with the subjects of learning—helps us answer Engeström’s (2001) four original questions (that any theory of learning must answer) when applying the CHAT knowledge transfer model and the master-apprentice relationship as an interacting tool to family businesses (kinship) in the following way:

1) Who are the subjects of learning, how are they defined and located?

The subjects of learning are the NGM(s), the family and the family business (enterprise). Their definition is as follows:

Source: Rosa Nelly Trevinyo-Rodríguez (2006)
• The NGM: Siblings, cousins or in some cases in-laws that are interested in participating actively (e.g. getting a full-time job in the family firm) or passively (e.g. shareholders) in it, and are entitled to do so.
• The Family: The nuclear family collective unit where NGMs (siblings / cousins) are raised and trained.
• The Enterprise/Organization: The collective entity composed by the family firm; it includes employees, procedures, organizational culture, etc.

The 3 main subjects of learning are located at the 3 vertices of the triangle (outer section) in figure 1-2. This arrangement comes from the CHAT design, which stated that triangulation was needed in order to act or react; that means that a mediating tool was required by the actor in order to behave in a certain way. We assume that the NGM learns primary using the CHAT model—this does not imply that the other two subjects of learning only apply the CHAT mediated model when acquiring knowledge; they can learn by other means.

The mediating artifact is located at the vertex situated at the top of the triangle. In this case, the mediating artifact is the “family”, which acts as a hinge between the NGM and the Enterprise. In order to know how that unique enterprise is being run, the NGM needs to acquire specific knowledge from the family members already working in the firm. On the other hand, the “NGM” subject situated in one of the vertexes at the base of the triangle may also learn about the enterprise by working in it (“learning by doing”). Conversely, the enterprise or family firm, situated at the vertex on the right side of the triangle base, can acquire and process new information (know-how) from the NGM, which can be later used to renew procedures.

2) Why do they learn, what makes them make the effort?

NGMs learn in order to achieve a twofold objective 1) affirm they own identity (self-identity) and 2) develop their family and family-business identity (collective-identity). The latter is so on one hand, because to grow as individuals they have to know who they are—and family traditions tell them where do they come from, offering them a key to recognize why they are as they are (e.g. Bandura’s idea of modeling) and giving them an idea of the persons
they are intended to be/roles to play in the context they live; moreover, they also provide the individual with a set of basic social, philosophical, and/or religious values that will define his/her perspective regarding life. On the other hand, an individual also needs to pertain/belong to a group (i.e. family unit –pretty interrelated with the family-firm) in order to feel that s/he’s playing a meaningful role within the context s/he moves in. The latter, helps him/her to develop a sense of shared responsibility toward that group (i.e. family) and its associated matters (i.e. family business) identifying him/herself with certain goals, values, beliefs and commitment to the role identities s/he plays, and building up/learning unique “ways of doing things”.

If NGMs do not learn about them and about their family/family business link, and understand how they fit individually and collectively in the NGM-Family-Family Business system, they may face an identity crisis\(^3\), forcing them to redefine themselves and altering their personal and social identifications.

3) What do they learn, what are the contents and outcomes of learning?

The NGM learns specific family traditions from the family. It may be a conscious or unconscious process, since the NGM is embedded in the family environment from the time s/he is born. As a consequence, every interaction within the family promotes her/his acquisition of knowledge, identifying herself/himself with the family activity, behavior and character, shaping in this way his/her own self-identity.

The Enterprise cultural system is also based—most of the time—on family customs, thus the collective entity learns from the family as well, since the founder is generally inclined to imprint her/his personal seal on it. The enterprise acts as an extension of the founder. Nonetheless, when a second or third or successive generation is in charge, the family business doesn’t live exactly the same original traditions the founder imprinted on it. This is so due to the vision and behaviors of other generations which have learned and modified the way things were done in the family firm. Accordingly, the collective identity of the

\(^3\) According to Erickson (1970) an identity crisis is defined as a time of intensive analysis and exploration of different ways of looking at oneself—the individual feels unsure about his/her role in life and experiences confusion about who is s/he in reality.
family business changed as new generations were in charge of the enterprise (they impacted it).

The Family learns from the dynamic interactions it carries out. It learns from the responses and behaviors of the NGMs, from the reactions of the employees, customers, suppliers in the enterprise, and from its own members. In this manner, in each new interaction the family fosters a feedback cycle which brings new inputs and outputs (adaptation) into the knowledge transfer system, and which transforms the family character/unique collective identity. Indeed, the anthropological model proposed by Pérez-López (1993) may be particularly adequate to explain this kind of knowledge-through-interactions process, since it explicitly considers the inner changes that take place within individuals involved in a decision (learning) after an interaction. These “inner changes” are important because Pérez-López (1993) defined knowledge as “any kind of change that occurs inside the individuals who have participated in the interaction as a consequence of the experiences they have acquired when interacting among them, if and only if, that change has been significant for the explanation of future interactions among them” (p. 54). Based on the latter, “the first characteristic individuals interacting among them have is that they can learn as a consequence of the experiences they acquire as they interact” (p. 53). Following this line of reasoning, after every interaction the subjects involved learn, in the sense that they modify and/or adapt their beliefs, attitudes, abilities, desires, motives, and decision rules (Pérez-López, 1993; Rosanas & Velilla, 2003). The latter, determines not only how future interactions take place, but also the inputs and outputs of each knowledge cycle (new interaction).

4) How do they learn, what are the key actions and processes of learning?

When family ties are present, strong or weak emotions are fostered among family members (NGMs included). Affect regulates behavior, influencing and determining the aspirations and intentions of human beings and shaping the individual’s personality/identity. Therefore, when NGMs are tightly attached to the family and identify themselves positively with some family members, they tend to generate constructive/positive emotions that allow them to better acquire the idiosyncratic knowledge closely held in “the way our family does and
handles things” (tradition). Accordingly, NGMs with strong family attachments (ties) will make an extra effort, not only to learn the family traditions they’ve been living since birth, but also to learn those collective general traditions applied in the family business (which might be—and usually are—based on family traditions). Thus, when the NGM experiences strong ties which promote positive emotions of attachment and commitment, s/he will tend to learn two sets of traditions—those of the family and those of the enterprise. While doing so, s/he will develop herself/himself as a person, shaping her/his own self-identity. There will be a point where the NGM will understand how her/his own personality development matches the collective identity of the family business.

The three actors of learning interact and learn from each other, since the dynamics that they continuously live are never the same (identical). The reason is simple: They have all learned in the process. Hence, when the NGM understands family traditions, s/he discovers that there is a whole new set of collective customs applied in the family business which most of the times are in line with family practices, but that sometimes may differ. At this moment, the NGM categorizes (consciously or unconsciously) the information s/he received and whatever s/he lets in (knowledge/traditions) is what will shape not only her/his identity, but also his/her new interactions with the whole system. Of course, in each one of these new interactions, the NGM will influence the learning scheme modifying certain habits present in the knowledge transfer model and basically impacting the enterprise way of working (when allowed by the family to do so). So, in summary, NGMs learn the contents of traditions (general and business specific), generating as an outcome of learning their own set of rules and traditions which they will act accordingly to.

Now, after having presented our proposed changes to current theory and an alternative elaborated model (NGLM) to explain the intergenerational knowledge transfer process in family firms, we will bring in a clinical case in order to see if it holds (at least in one scenario). The information we present about this clinical case was obtained a posteriori via a consulting practice; therefore, before exposing the case in detail, we will clarify the methodology used to collect the data.
METHODOLOGY

Research Paradigm

Although different classifications of research paradigms could be found in the literature, we will use the one Robert Gephart (1999) exposed during the Academy of Management Research Methods Forum (Vol. 4, Summer 1999), which centers in three paradigms or worldviews prominent in contemporary social research: Positivism, Interpretivism, and Critical Post-Modernism. Each of this worldviews possess certain key features, therefore pursuing different kinds of knowledge (nature) and putting forward several means by which knowledge is produced and assessed (see Appendix 1). And, although many research studies (included this one) use aspects of more than one paradigm (Guba and Lincoln, 1994; Gephart, 1999), the idea of clarifying these different strands of thinking and researching intends to give this text a consistent and coherent methodological approach that supports the underlying premises and original insights of this investigation (which develops basically from a consulting practice) and which validates the kind of research done (participatory) as well as the research method used (action research).

Briefly stated, positivist research assumes an objective world, hence it searches for facts conceived in terms of correlations and associations among variables (causes). Positivist studies assume that the observer is independent of what is being observed and that the choice of what to study and how to study phenomena can be determined objectively (Sieber, 2000). Conversely, interpretivist research is fundamentally concerned with meaning. It tries to find and understand social members’ definition of situations (Schwandt, 1994; Gephart, 1999) assuming that knowledge and meaning are acts of interpretation; consequently, truths are the result of perspective, and as such, are relative to some meaning context. In this paradigm, the researcher is considered part of what is being observed (Sieber, 2000); however, his/her direct participation in the situation (context) is not considered. Finally, the critical postmodernist paradigm is a combination of two somewhat different views: Critical theory and postmodern scholarship. The basic assumption behind the critical tradition is that the material world is real, and that is has been produced or shaped by a series of social, economic, political

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4 In this paper, a research paradigm is understood and defined in line with Sieber (2000) as “the set of beliefs that guide action in term of both epistemology (nature of knowledge) and ontology (nature of reality), both of which are intrinsically related to the adequacy of different research methodologies” (p.50, doctoral thesis).
and cultural factors that as time passed by, originated and fell into place certain social structures. “Critical scholarship thus seeks to transcend taken for granted beliefs, values and social structures by making these structures and the problems they produce visible, by encouraging self conscious criticism, and by developing emancipatory consciousness in scholars and social members in general. The goal is social transformation…” (Gephart; 1999, p. 6; in line with Kinchelo & McLaren, 1994). Critical postmodernist research implies an active participation of the researchers in the social system. It seeks to provide historical insights including reexamination of important events to reveal social structures that were previously seen as immutable to change. And, although critical postmodernism often borrows methods and theory from interpretive research, it utilizes these in a context where theoretical ideas are used to support and encourage social and political action (Gephart, 1999).

Since the basic motivation of this research is to change and/or elaborate the current theory regarding the application of the master-apprentice relationship within the CHAT framework to the family business context, uncovering two hidden variables that impact the process of knowledge transmission when kinship is involved—family traditions and ties, as well as emotions—; and due to the fact that we believe that the knowledge acquisition/learning process is produced by and through certain family and social factors which settle down “traditional” structures which as time passes by need to be adapted, this research study is mainly positioned within the critical postmodernist research paradigm.

**Research Method**

Once positioned the study within the critical postmodernist research paradigm, we will clarify the research method we followed. First of all, we have to state that critical postmodernist research methods are mostly qualitative in nature, including: field research, historical and event analysis, dialectical analysis, deconstruction and textual analysis, as well as action research.

Since the records of the clinical case we show were obtained after analyzing the theory and precisely while participating in a consulting practice, our study belongs to the action research methods. Action research is a clinical method that aims to solve current practical problems while expanding scientific knowledge; thus, the researcher is concerned with both, creating change via participation and studying the process
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(Baskerviller & Myers, 2004). On the other hand, in order for action to be taken, the theory must be explicit beforehand; otherwise, there is a risk that the action is purposeless. So, the objective of the researcher is to try out a theory or elaboration of theory (previous reflection process) with practitioners in real situations, in order to gain feedback from this experience.

According to Meyer (2000) and Hart & Bond’s (1994) classification, four types of action research are distinguished (based on their characteristics regarding their focus, process, educative base, people involved, etc): 1) Experimental, 2) Organizational, 3) Professionalizing, and 4) Empowering (Appendix 2 shows a table with their distinctive features). These types of action research are arranged along a political continuum from experimental action research, with high levels of researcher control, at one end, through organizational and professionalizing action research to empowering action research with bottom-up control, at the other end (Hart & Bond, 1994, p. 16; Hughes, 2004).

Our study pertains to the professionalizing type, since it is practitioner focused, and reflective in its educational base; moreover, it looks for an improvement in practice and considers opportunistic and dynamic cyclic processes.

It’s noteworthy to point out that, being a consulting practice and having as any other succession process in family firms a long term horizon; neither the research, nor the consulting work is yet complete. However, since our professionalizing type of action research allows for opportunistic and dynamic cyclic processes within the context of a continuing project (Hughes et al., 2004), further research could focus on other cycles or parts of cycles in order to see if the consulting intervention produced changes (Figure 1-3). Up to now, we could say, that the available data we have support the modifications we suggested in the current theory (new model). However, generalizations should not be made. We need to continue analyzing the iterative consulting process and get feedback about it.

It’s important to pinpoint that although generalizations should not be made from action research studies, since each context and subjects’ characteristics are different, the
insights gotten from the feedback mechanism of the iterative process, can lead to new inquiries and/or elaborations of current theories, while simultaneously influencing practice positively.

Data Gathering

Clinical study selection, sources, timeframe, and consulting team

As stated before, we developed this study while participating in a consulting practice. Being the research method action research of the professionalizing type, selection of a relevant “site” or case was done in an opportunistic manner.

In order to see if our proposed changes to theory were in line with real life, we participated with a group of consultants in a succession process a family asked for. To make clear how the process was conducted, below we show details of the most important aspects of this course of action:

1) Since 3 out of the 7 partners of the consulting firm work partially within a University department, they know pretty well what is to be involved in academic affairs, understanding the idea that practical action must inform the theory, and being aware of the fact that in order for knowledge to be created –especially in the family business field---, reporting back on our findings to the research community was needed (although some confidentiality issues were considered).

2) The succession process was already started (it has been on for over 8 months) when we got into it – that means, that the specification of the project’s scope and boundaries had already been discussed, as well as the objectives, commitments, roles, responsibilities, and evaluation measures (both sides, consulting team and client); moreover, a first diagnosis of the organization and potential successors had already been made, and some implementation strategies had been applied (i.e. skills, personality and leadership assessments, circumplex model of organizational culture inventory assessment, etc). Due to the latter, using a professionalizing type of action research was the most adequate research approach, since it’s one of the kinds of methods that allows opportunistic intervention in processes, being the researcher able to enter into the research cycle at any point in time during the process. As Hughes et. al. (2004) state: “A project can start anywhere in the cycle, because the project must start where the
participants and stakeholders are at...Wherever the project starts, action researchers should move quickly into detailed situation analysis. It is necessary to know and document where you are at, and provide a reference point to measure change” (p. 7). Thus, in order to have a clear understanding of the situation, we read all the memorandums and notes, as well as analyzed the recorded tapes that the people involved in the succession process since the beginning have made (knowledge base). Likewise, it has to be said, the researcher (I) knew the family being consulted since she was 7 years old. It happens to be that she studied with the youngest member of the family and had a good relationship with him and his family. Thus, accessibility to the family background and members was not a problem. However, this research was intended to be conducted in the most objective possible way, trying to take away consciously any possible bias.

3) Individual interviews (recommended action research tool; O’Brien, 1998) were conducted to the 5 siblings, founder, wife and 2 executives. They were non-structured, 1:15 minutes long, and made in order to get some insights of the knowledge transfer process they have gone through. Each interview was tape-recorded (a total of 10:35 hours put on tape). Interviews were scheduled on Mondays, Tuesdays and/or Wednesdays (from July to August 2007), in their work-offices, at 9:00 a.m.

4) The consulting team was composed of 7 persons--3 of them in touch with academia—and the researcher (me). Basically, we were an interdisciplinary group with a systemic approach (as advised in professionalizing action research methodology): 1) a tax and accounting consultant, 2) a psychologist, 3) a legal advisor (lawyer), 4) a management-career coach, 5) a financial and credit advisor (working in the University), 6) a marketing and international sales specialist (working in the University), 7) a strategy consultant (working in the University), and 8) the researcher (me)—interested in intergenerational knowledge transfer within family firms, as well as in how family ties, traditions and emotions affect this process.

5) Since the scope of the project was broad –selection of the future successor and revitalization strategy of the business—each specialist focused in their own area, discussing formally with the whole team their advancements and ideas once a
week (however, informal meetings between two or among three partners were sustained as the week advanced, as well as daily phone talks). Memos were written and circulated (before weekly meetings) in order to know advances and/or issues each specialist addressed during their conversations with the family members.

6) The researcher (me) specialized in the knowledge transmission issue, as well as on the individual psychosocial aspects (beliefs, group attachments and personal identity --among others--) that affect family relationships (group dynamics), as well as intentions and future behavior of candidates.

7) Finally, the data analysis and interpretation presented here was done first individually by the researcher, and then, after a second revision and classification of tape material, individual notes and consulting-team memos, exposed and discussed with the rest of the consulting group.

8) During the individual part, due to the previous knowledge the researcher had about the family background and to the analysis of the memos she got when entering the consulting project, she could establish during the interviews direct connections between what the interviewees were telling (events) and the suggested modifications made to current theory. The interviews informed the theoretical framework proposed (NGLM), supporting some of the insights exposed before. Nonetheless, we have to be careful about these findings, since they can not be generalized. They depend on the conditions and context of this family, as well as on its unique dynamics and traditional background.

9) Due to confidentiality matters, we only reproduce here those excerpts of the interviews that are relevant to the knowledge transfer framework we study, not the whole set of conversations that took place during the consulting practice (which is still going on).

It is our hope that the study below helps researchers and practitioners to reflect on other possible variables that affect knowledge transfer processes when kinship is involved. Likewise, we like to encourage the research community to work with consultants –under the action research methodology--, who generally have access to relevant organizational problems that are suitable for analysis and intervention-based
solutions, and from which the academic community may get lots of insights regarding the application of theory.

The clinical study presented here suggests that family ties and traditions, as well as emotions are two variables that promote, neutralize or inhibit the transmission of knowledge between generations. Thus, although this consulting practice and consequently, the research study is not yet completed, we can get interesting insights on how the process of knowledge transmission is affected by kinship, reinforcing up to a point, the proposed modifications to the master-apprentice relationship within the CHAT framework we exposed before. And, although more research is needed in order to clarify if a pattern could be found, the goal of this research, which is in line with the critical postmodernism paradigm we choose to follow, is not to verify or falsify a proposition or theory, but to expose hidden variables affecting the knowledge process, enabling consciousness regarding them, as well as seeking change in previous theory perspectives we had.

**CLINICAL STUDY**

Our study started when the founder of a retail company whose headquarters is located in Monterrey, Nuevo León (México) approached the consulting group in order to help him with one main problem he was facing during the succession phase: Choosing the right candidate among his offspring to be the next successor in his family business. It’s important to note that the owner wanted to choose just one out of the 5 descendants. He argued that sharing power among the five would only cause power dilution and chaos in the company, plus conflict within the family.

The retail company was founded in 1958, and it consists of 27 department stores located all over the northern states of Mexico. Yearly-sales are positioned in a range of US$85-150 million dollars (last 5 years). A total number of 423 employees work in the family firm. Ninety percent (90%) of the business shares are still in the founder’s hands, while the other 10% is divided in equal parts among his wife and five offspring. A board of directors is in place; out of the 7 members in it, 5 pertain to the family. From these 5, three are working in the business fulltime (founder, two male siblings), one works on a part-time basis (daughter) and the other one morally supports it (wife). External advisors are pretty close to the founder; one is a friend who runs a non-related business in the construction industry, while the other one is a senior university professor.
specialized in strategy and management who taught an executive course to the owner several years ago.

The siblings are all grown up: four men and one woman; all married. Their ages are as follows: 42, 39, 37 (daughter), 35 and 29 years-old. All have professional careers: musician—Bachelor of Science in Music Business—, lawyer, architect, civil-engineer, financial accountant (respectively). The lawyer and the accountant work in the family business on a fulltime basis, while the other siblings do not. Nonetheless, they participate in several projects of the firm either on a part-time base or by means of selected collaborations. The musician currently works as the director of the national symphonic orchestra; even so, since a new music department has been opened in some stores of the business, he helps out selecting suppliers and merchandise—he has the know how. On the other hand, the architect (daughter), though devoted to her family and home-related activities, participates in the development of construction projects and interior-design of current and new stores—part time job. Alternatively, the civil-engineer owns a real-estate firm; yet, he also takes care of choosing and buying the properties where the new stores will be located.

The owner, a 68 year-old self-made man, did not worry much about succession. He had his Will written in 1997; his wife is the only beneficiary in case he dies. His wife, whose age is 65, participated actively in the business during its early formation; however, after the family started growing, she centered on home-related activities. She has a professional career in accounting, but she has not been in touch with practice for a long time.

An important matter we detected, and which popped up consistently during the interviews, was a conflict between the founder and his first son (from now on, Son # 1) which took place 20-21 years ago. This conflict affected the founder-son relationship during a long period of time, pervading also the family unit—relationship with siblings and mom. The latter, impacted indirectly the family business management, as well as its future—NGMs’ desire to join the firm, particularly from Son # 1. It’s noteworthy the fact that after the conflict, the founder asked one of his executives to train Son # 1, however, this mentorship was not as satisfactorily executed as expected.

After the non-structured individual interviews with the siblings, the founder and his wife, as well as with two (2) “old” executives of the company—they have been working for the firm during approximately 24-25 years—, a “general” profile of each of
the five possible candidates was developed. Each one focused on their skills (this profile was compared with the assessments documented months before by the consulting team), knowledge about the business and family values/traditions, family attachment, business future vision, career expectations, and personal interests, as well as on the potential they could accomplish based on their previous and current work experience (compared to the psychologist’s notes and memos received).

**Interpretation**

When examining the taped-interviews (some excerpts are shown below), we noticed that learning about the family firm happened most of the times within the social context of the family --socialization events-- such as dinners and/or parties, as some of the siblings mentioned:

**Son # 1 (Musician):** “…Besides, it’s only during her birthday [mother’s birthday] and also during Christmas that we get altogether…. It was during those parties that my dad used to give us an update of the projects that he was handling in the business, as well as how he and my brothers managed to accomplish them”.

**Son # 2 (Lawyer):** “…[I]t’s precisely during Sunday dinners that dad tell us stories about how he built up the business. My kids enjoy them; and I must say I enjoy them too!! As I hear the ups and downs mom and dad had to face, I understand much more the business, I realize that it is part of our lives and that we must strive in order to make it survive”.

**Son # 4 (Civil engineer):** “I’ve learned a lot from interacting with dad; from having breakfast or dinner with him…”

Also, we realized that each of the components shown in the CHAT model has a good correspondence with the three main actors in the family firm learning/knowledge acquisition and transfer process: the NGM, the family and the enterprise; being the family (social context) the mediating artifact through which knowledge is transmitted.

Likewise, we have also seen that theory dealing with learning by example (Bandura, 1986) –following a role-model— is definitely applicable in family firms, especially in the analyzed case, impacting and fostering certain behaviors in siblings. As Son#5 stated in one of the interviews:
Son # 5 (Financial Accountant): “Everything I know from the business, I’ve learned it by observing my dad and his executives. He used to take me with him to the office when I was 6 or 7. I heard all his negotiations; I think that unconsciously I’ve learned from that.”

Moreover, family traditions, ties and emotions proved to be important variables that affected the way siblings reacted (behavior), as well as their perspectives and ideological views.

Son # 1 (Musician): “Well, my mom has always played the best note in our family. She is the one who maintains the harmony and rhythm in our relationship. I’m pretty attached to her. In fact, when I was abroad, I came every year from New York just to celebrate her birthday. She always phoned and asked me to come. Besides, it’s only during her birthday and also during Christmas that we get all together… I think that helped me a bit to stay in touch with the family firm, at least I knew what was happening”.

Son # 2 (Lawyer): “We’ve always been a conservative family. We follow certain rules. For instance, since kids, we learned that on Sundays, we had to attend mass and have dinner together. In fact we still do so…. I even take my wife and kids to the family Sunday mass and dinner. It’s nice; we socialize and have a good time together.

Daughter #3 (Architect): “Well, traditions…. I would say that my mom’s birthday… Each year, we get together and have a big party with mariachis in our country house. It doesn’t matter if it is Monday, Tuesday or Friday. We get together to celebrate her on October the 30th, without exception. My dad used to organize everything before, but when I was 15, he asked for my help. Now, I take care of the party details, such as food, drinks, setting, etc. My brothers take charge of contacting the mariachis –the best one in Monterrey, and the same every year; they even reserve that day for us without asking them to do so—… We always sing one song which has a special meaning for me… I remember that the first time I heard it was when I was 12, dad was in a precarious financial situation and while mom and he were discussing if they should sell the business –in the kitchen, with the radio on– I could hear that song behind their voices. It was pretty symbolic, because when the music stopped, I just heard mom saying dad: ‘We will survive, keep ahead and don’t even try to turn back’…”

Son # 4 (Civil engineer): “My mom birthday is a must. There was a time when I was working in the States in a big project and my mom birthday was coming. I told my dad I may not be able to attend…It was nonsense for me to catch a flight at night to come to Monterrey and another one early next morning just to go back. Besides, I was not going to be able to sleep at all. However, my dad’s answer was decisive: ‘Your mom’s birthday is sacred; not open to discussion. Do whatever you need to do in order to be here; even if you just come for a few
hours. I expect to see you here. Please don’t disappoint me’. There’s no need to say I attended the party, right?”

**Son # 5 (Financial Accountant):** “My grandpa used to tell me stories about how dad started the business; he even took me to the first store dad worked in and to visit the house my brother—their first sibling—was born in. While you walk through those places you realize how much dad and mom have worked in order to have what they have. You realize nothing is for free. They’ve earned every single peso they have. According to my grandpa, dad started working when he was 10 years old. At 15, he used to work 16 hours a day; he helped grandpa to economically support the big family they had…When you think on that, and see the big business he and mom built, you can’t avoid feeling committed to making it survive; to seek for its continuity”.

As could be seen, the notions of family tradition, family ties and emotions are present along the testimonies of the five siblings, making them consistent with our claim that traditions and family ties are key variables in the intergenerational learning acquisition/knowledge transmission process. In fact, sibling # 5 stated during his interview that it was thanks to his relationship at work with his dad that he had learned about the business, mentioning indirectly that the admiration he felt towards his dad and mom’s work made him to commit himself to want the family business survival (family ties and emotions). In addition, he also stated that his grandpa used to tell him stories during social events conveying family beliefs (traditions) and knowledge about their own family and personal identity.

Likewise, Sibling # 1 confirmed our idea (stated when developing the theoretical model) that family traditions are different from general traditions (regional, national, etc.):

**Son # 1 (Musician):** “When I left home and traveled to the States, I missed my family a lot… I left without being in good terms with my dad… Moreover, I realized that even though I was pretty used to the ‘American way of living’, the family concept I had was pretty different from theirs… My friends were all musicians, we loved music and played together, however, they could not fill the place of my family. That’s precisely why each year mom called to invite me to her birthday party I attended without hesitation. I felt such a need to be in touch with them. When one has grown up in a family whose main tenet is ‘Family is always first’, you finish up being so closely attached to them that you want them near. I don’t know why, but it’s not easy to forget them. After all, they are your family”.
The interviews also suggested support to the idea that family traditions relate to family identity and foster family ties, impacting family decision-making frameworks and actions:

**Son # 2 (Lawyer):** “I think that my mom’s birthday is this kind of event one uses to see all the family, to develop closer family bonds… Before, when we were kids, we lived together, we shared rooms, time, clothes, food, etc. Now, it’s not possible anymore. We have our own families… In a way, I think I’m educating my kids in the same way I got educated; I try to transmit them the importance family has, the responsibility that bearing the family name entails…”

**Daughter #3 (Architect):** “In a way, my brothers and I, we are so similar and at the same time so different. As a family, we are truly close. We defend each other and communicate continuously. That is part of our identity as members of this family… Of course, we have arguments from time to time, we fight each other… However, when we have to argue or compete with someone else who is not a family member, we put aside our differences and unite… It doesn’t matter if we agree or not among us; if we are going to battle, we will do it together. It’s a matter of continuity; all by ourselves, we are not so strong… If we want to pass something down to our kids, we better learn to work together, especially if we are being threatened.”

Family traditions are learned through action (action learning); they are not explicitly taught but implicitly made. The NGM is most of the times not conscious about the actions that lead him/her to commit to certain kinds of traditions, which definitely impact his/her sense of responsibility towards the family and the business.

**Son # 4 (Civil engineer):** “You know I don’t work for the family business. I have my own real-estate company… I think I started to like buying and selling properties since being a kid. When dad was going to open a new store, he used to travel to see each and every single feasible location. Mom sent me with him to those trips. She said that I was going to learn how to do business…. May be I did… I just remember that whenever he was visiting properties he always told me why that property was or not suitable for our business. Moreover, as I grew up, he taught me some hints regarding property valuation and about business ethics in the realty industry… Well, I do contribute a bit to the family business; I’m in charge of choosing the locations to open new stores and buying them on behalf of the business. I know I’m worthy not only for the family, but also for the business…”
As the selected citations illustrate, family ties and traditions are a tool in the transmission process because they help the NGM develop his/her sense of being (identity) and belonging (to the family context), as well as his/her significance regarding the responsibility s/he has towards the family and towards future generations (transmitting history, skills, expertise and shared thinking schemas that work within the family and business arenas).

Son # 1 (Musician): “When I left the family and family firm, I did it because I needed independence. I wanted to show myself that I could survive without my family. I wanted to develop my own identity. I didn’t want to be treated as my dad and mom’s son. However, I have to say that I was proud of myself just for the fact of belonging to my family. While abroad, I kept in touch with my mom and siblings. I went back from time to time and visited them”.

Son # 2 (Lawyer): “I feel indebted with my parents and with the business... It’s a kind of responsibility that one can not explain. I want the business to survive because I’ve seen how my dad and mom have suffered in order to push it ahead. Moreover, my parents have always showed us how important the family as a social unit is... When no one supports or believes in you, just your family will most likely give you a hand...I truly believe on that and I try to teach my kids that maxim”.

Daughter #3 (architect): “I think that as the female sibling, I’m the one who will be in charge of keeping the family together in the future. My mom told me once, that whenever she dies, she wants me to continue organizing the social events where all the family gets together. I just thought she referred to the Christmas dinner, but she went further... She wanted me to organize a birthday party similar to hers but for me... Can you imagine that? I was amazed... She wanted me to become the ‘matriarch’ of the family!!!... At first it was scary; but latter, I just realized it is a way in which I compromise with the future of my family and business...Everyone has a role to play, and mine is the most important...the one that keeps the family together”.

Son # 4 (Civil engineer): “We have some understandings regarding particular issues, and we don’t question them. We judge them to be ok, at least for our family. For instance, we have an old aunt; she is single and can’t work any more. My brothers and me discussed how to help her and decided to support her economically. Each month, we give her what we call a family-pension. We don’t have to, but we want to. My sister is not required to put in money; however, our brother-in-law said he would be glad to collaborate.”

Son #5 (Financial Accountant): “I’ve learned at home that family members should take care of other family members...Thus, when dealing with financial statements and dividends I try to be
crystal clear. Honesty and trust among us is a must if we want our business to continue… We have a rule at home that works pretty well when we deal with money… If I owe you something, I better pay you, if I don’t do so, the rest of the siblings will not help me out any more –i.e. lend me money–… We may screw others, but we don’t screw each other”.

On the other hand, one has to account for the fact that there are also cases where conflict between family members impedes family traditions and ties to impact the knowledge transfer process positively. Conflict and emotionality tend to be closely interlinked, impacting positively or negatively knowledge acquisition:

Son #1 (Musician): “I decided to play the piano professionally when I was 19. It was not because I didn’t like the business, but because I had so many troubles there… I used to work in the firm during summer vacations and week-ends, always with my dad… However, when we disagreed on something, he tended to impose his idea. I had not the option of arguing…. There was a time when I was really convinced about what I was saying… We verbally fought each other… That was not good. We were angry for a long time, that discussion deteriorated our personal relationship. I even felt excluded of the family; I was not considered at all when deciding issues. Finally I decided to study abroad… My mother convinced me after 5 years to come back and reincorporate in the family nucleus. Although I’ve been in touch, I had not been closely connected for a long time; it was difficult at first… I felt as a newcomer…”

Son #1 (Musician): “When I left home, I was really angry… However, as time passed by, my emotions towards my father cooled down… I loved and admired him… When I finally came back, I was not angry anymore, all the resentment I felt before had changed; it transformed into comprehension and self-knowledge… I think that I understood my dad much more after being alone for that time. Time and perspective make you see things differently; more rationally and less sentimentally. Nonetheless, I have to say that during a long time I was indifferent not only to him, but also to the business; the business clearly represented him”.

Below, a selection of the talk we had with an executive of the firm has been transcribed in order to show the kind of mentoring relationship he had with Son #1, which resembles the master-apprentice association. As we could be able to appreciate, the bond created was not highly emotional, but in fact more professional—pretty different to what happened when Son #1 treated directly with his Dad. In the first case, ties created did not generate positive or negative emotions toward the job, the business or the person, while in the second case, they did.
**General Sales Manager:** “When Mr. …[founder] started to have problems with his son, I became in charge of training him [sibling #1]. He was around his 20s. Since he wanted to know how I did operational things, I developed a schedule in order for him to learn more or less what I did at that time. However, since I couldn’t be with him all the time, I gave my secretary instructions about the people he should visit and at what time during the day…Our relationship was good; nothing especial…I was his mentor, he was the trainee. At the end of the six-month-period, I considered he had had enough exposure to the pros and cons operational sales matters involved. He was a good student; he accomplished every task I asked him to do in an acceptable way”.

**Son #1 (musician):** “… Yes, I had been trained during a six-month or so by the General Sales Manager. That happened when I started having business arguments with dad. I was not in my best mood, and every time I worked with dad we finished up fighting. Now, I think I was truly stubborn. I did not want him to tell me anything about what I was doing—even if I was wrong—, I felt as if he was trying to control me…That was nonsense, I know, but at that time, I wanted to do things and I was sure about what I was doing”.

The Sales Manager was a good mentor, although I must say he was not so much concerned about my learning. There were sometimes when he explained things and when I asked him “why” he was not able to answer; or may be he did not want to do so. In addition, he used to see me as ‘new’, as if I were just a trainee…That was not fair; I’d been there since childhood; I never liked his distinctions related to category and power…Nonetheless, I bit my tongue and learned everything I could from him… In a way, I think he just wanted me to help him out with his work. He was not committed to teach me. Even so, I truly believe I learned…A proof of that is that while studying in New York, where I had to work in order to survive, I looked for a job in sales…I got one…. Guess where?…Bloomingdale’s…Manhattan…the one square block store located in the Third Avenue…I got promotion to men’s department manager after five months”.

The eldest son (Son # 1) experienced a family conflict which threatened his own family member identity, since at some point in time, he felt excluded from the family nucleus. The latter, impacted him greatly due to the admiration he felt for his father, as well as due to his attachment to the family—and indirectly, to the family business. Conflicting emotions arose, and he decided to leave the country in order to clarify his ideas and show the family he could survive without them. However, in order to confirm his self definition and sentiments related to his identity as a NGM pertaining to a family firm in the retail industry (department stores), he looked for a related job in one of the most important department stores in New York. He showed himself (and as a byproduct, the family) that he could fulfill the NGM role, that he was
part of the family. He settled the emotional aspects he had pending, and assured himself that he met the family traditional identity.

Conversely, when emotions generated are positive, the knowledge transfer process could move forward in an easy going way, promoting learning acquisition on the part of NGMs:

**Son # 2 (Lawyer):** “Dad has a strong character but he is dad. He has taught us a lot about the business and about the family traditions. He used to tell us stories about our grand parents and also about his childhood. He had a huge argument with our brother, but I think he felt bad after he left. I remember he always asked mom if she had received news from him.

…I don’t remember exactly when I started learning about law... What I do remember is that when dad took my brother and me to primary school, early in the morning, we made several stops in the way in order for him to collect some payments from non-payers. Those people’s accounts were the ones who our staff from the credit department considered non-payable accounts. Dad told us that if we wanted them to pay, we needed to visit them day by day, early in the morning...He also added that if after a month or so we weren’t successful in collecting the money, we would have to sue them...However, they deserved a last chance.

As I grew older, I thought a lot about what dad did… Waking up at 5:00 AM in the morning in order to be able to stop by in our way to school in order to collect money from non-payable accounts, giving them a last chance before taking legal action against them demonstrated his good faith; it’s admirable!...Now, I tend to do the same...And you won’t believe it, 80% of those non-payable accounts finish up paying”.

**Daughter #3 (Architect):** “Dad is hard to convince. He has clear ideas about what needs to be done. However, he cares a lot about us. I’ve never felt deeply hurt by him or anyone else in my family. On the contrary, they have helped me a lot, especially when I started working part time for the family business–after my marriage. I remember that at first I made such horrible mistakes. My dad and sons helped me a lot when I prepared the first interior design project for the firm. Having worked for an industrial carrier, I had no sense of fashion!!! I finally learned, but it was a hard process… I trusted my dad and sons, and even when I was not sure about what I was doing, I blindly followed their advice… That facilitated a lot the whole course of action, preventing conflicts and/or arguments among us”.

**Son # 4 (Civil engineer):** “He [DAD] cares about us, he is tough and gets angry easily, but one has to comprehend him. He is old and wants to do things his own way… Dad taught me many things about real-estate… It’s not only the mechanical valuation stuff, but also intuition to know if a property is good or not for a certain kind of business…. I’ve participated in several executive realty courses, and let me tell you that the kind of logic dad uses to buy is not
reflected there… About our relationship, well, we have our arguments from time to time…I used to discuss a lot with him during my early youth. However, as I grew older, I must said I started to understand him…In fact, during a stay abroad, I had to take care of my younger brother, and you won’t believe it, but I just acted the same way my parents did!!! My brother was so mad at me, that he even told me: ‘I rather prefer dad than you’. That was amazing!!!”.

Son # 5 (Financial Accountant): “Sincerely, I’ve been angry at him [DAD] sometimes; but nowadays, I comprehend him…He does what he does because he wants the best for us and for the business.

…My dad has this special ability to do numbers while talking. He estimates prices, interest rates, etc. at the exact time he speaks. He’s good at that!!! Since kid, I always thought that was stunning!

During Sunday dinner, he used to play with us. He said such things as: ‘Ok, kids, tell me how much is 2+2=answer*5=answer+125= answer*13=answer/15’… and so on….If you made a mistake, you were out of the game… My mom used to cheer us up when making mistakes, and invited us to play again, convincing dad to start the game all over again. It was fun!!!... I do the same with my kids; it’s a good way to teach them how nice numbers are”.

Throughout the quotations, we have seen how the inexplicit folk wisdom Faris (1946) talks about, and which in our clinical case was materialized by means of teaching “by example”, daily interaction and continuous communication (socialization) between founder-family members (offspring), has served the siblings to compete in different areas related directly (e.g. law; accounting) or indirectly (e.g. real estate) to the business. This distinctive knowledge or “wisdom” they’ve acquired since childhood will surely be of help to future generations, making them more efficient in their work (learning curve) and competent (they’ve received an endowment of intangible resources –e.g. mental framework– others have not come up with). Consequently, the family members must attempt to transmit that knowledge to their children—indeed, sons #2 and #5 mentioned they were actually trying to do so—, since it could become a source of competitive advantage for them.

While classifying concepts and breaking down the interviews, we have detected two kinds of idiosyncratic knowledge or folk wisdom: the one pertaining to the family-business, and the one pertaining to the family. Throughout their experiences and action learning, NGMs have acquired knowledge not only about the family traditions, but also regarding the business culture, routines, and ways of doing.
The latter, coincides with the assertion of the HR manager of the family business, who during the dialogue distinguished between general explicit knowledge of the organization and the implicit context-specific (idiosyncratic) knowledge applied in the firm.

**Local Human Resource Director**: “Knowledge in the organization is transmitted in several ways. First of all, we have special training courses for employees. These courses present our organizational vision, mission, most important procedures, objectives, etc… Nonetheless, process know-how is acquired while on the work. Although there is a manual with a set of basic rules, I think that the most important policies are learned while doing things… For instance, when the company hires a sales representative, we don’t expect them to know the many kinds of customers we have. We expect them to know the basics about selling, but not about our customers, because to know our customers, you have to understand them first, you have to deal with them first; you have to know their past records…. Moreover, there are special persons that due to their long-standing relationship with the business or with the owning family have special treatment or privileges… That’s the way it works here! The family has certain rules regarding its family members, or special friends, and you as a salesperson must learn and follow them”.

On the other hand, the next testimony gives us also an idea about the kind of family idiosyncratic knowledge (traditions) we referred to when developing our proposed model:

**Son # 2 (Lawyer)**: “Last time, before a board meeting, I was discussing with my sister what would happen when dad and mom were not with us anymore… She just answered: ‘Even if they are not with us, as long as we have the business, they will live’… That was a big statement…It made me think about the responsibility working for the family business entailed. In a way, our family and the business are so intermingled. Our family way of dealing with certain things has been transmitted unnoticeably to the business. For instance, I realized that the ‘family is first’ maxim we have at home, has also been translated into business policies… Don’t ask me why or when… I have no idea…At some point in time dad established the policy that when anyone from the nuclear family (mom, dad, and siblings) buys something in any store pertaining to our family business, we get a 50% off from the marked price…Our attachment to the family, impacts our attachment to the business. We care about it because we care about our family, but basically because we care about our parents…”
Accordingly, our idea that family idiosyncratic knowledge acquisition is subjected to family ties and emotions, and not merely to the mechanic learning of an art holds in the case analyzed. In fact, at some point in time, Son#1 didn’t want to learn anything about the business because he was angry with his Dad. However, after a long time, when the conflict was solved, he opened up in order to be trained/taught by his parent.

Son # 2 (Lawyer): “Yeah, I know my eldest brother is not the best example of a business man. However, he cares about the business. Even if he is not working in it, he attends the board meetings and helps us with some issues. He asks intriguing and far-reaching questions... You may know that he had a big fight with dad many years ago. I think he left because he couldn’t tolerate dad telling him what to do. He was angry, but now, I think he is open to discuss with and learn from dad...And dad is learning also from him...We introduced in some of our stores music departments; we sell music instruments (pianos, violins, electric guitars, etc.). Dad and mom together asked him to choose the ones he considered the best ones to sell in our points of sale. For the first time in years, I saw them working shoulder with shoulder”.

When emotions have a negative connotation, not only the knowledge process suffers an inhibition, but also the family social structure is damaged. In addition, the NGM identity becomes exposed, possibly leading to an identity crisis and to anxious behavior (as Son # 1 went through when leaving home).

Wife/Mom: “When … [Son # 1] left, our family composition was revolutionized… [Son # 2] had to assume new roles in the family and in the business; my husband was a bit depressed but he never acknowledge it. It was a hard time…Our relatives and friends did not understand what happened; they chitchat on the fact that … [Son # 1] wanted to be a professional musician”.

Our interpretation of the dialogues gotten from the interviews with family members and executives suggest that our modifications to the current theory hold and should be considered in order to elaborate the actual notion of intergenerational knowledge transmission within family firms. However, we have also to recognize that our suggested changes do not stand all stances, having therefore limitations. Below, we present a counterargument where the changes we propose do not apply/hold due to contextual (family-unique circumstances) and environmental matters.
COUNTERARGUMENT—Limitations to the proposed changes in theory

Due to the fact that the obtained insights can not be generalized but only used to prevent, identify, analyze, manage, and deal with similar cases, we have to acknowledge also for the fact that there could be cases where ties and emotions had provoked such a stressful and heavy conflict that the generation-in-charge/NGM learning process and knowledge flow breaks down completely, disintegrating the family, the business, and in some extreme cases, splitting up both—NGMs are not positively identified with the family and the family firm, the latter meaning that they are not in the best position to generate positive emotions and strong constructive family ties. When cultural discontinuity or “negative emotions” exist between generations, the thread of tradition and family ties may be weaken or broken. Due to this break in continuity “…folk knowledge—the intellectual and moral capital—fails to be transmitted, and thus the younger generation is left unprovided with the heritage that is of such importance in the maintaining of a successful family institution. Life history materials reveal an almost unlimited variety of personal failures and difficulties that follow such disruption” (Faris, 1946, p. 162). The latter is basically explained because, when NGMs lose the thread of family traditions, they lose also part of their sense of being, part of their identity.

The case of Casa Roy (Trevinyo-Rodriguez & Bontis, 2007) is a good counterexample where the NGLM does not apply, since family conflict was so strong that the family members couldn’t stand anymore either working or being together. Casa Roy was a medium-sized chain of department stores which became part of Grupo Los Ángeles when it merged with Departamental Los Ángeles during the first quarter of 1994. After a year of working together, Grupo Los Ángeles completed the deal by acquiring the two remaining department stores Casa Roy had, resulting in a 100% acquisition.

Casa Roy was a 100% family-owned business founded in Monterrey, Nuevo León, by Rogelio Guerra more than 40 years before the merger. It was considered one of the top 5 retailers in the state (Nuevo León) and had an excellent reputation. People often referred to it as “La Boutique Más Grande de Monterrey” (The Biggest Boutique in Monterrey). Even though it was not the same size as Sears, it was considered to be
competing at that level i.e. with the biggest global players. As years passed by, Don Rogelio never realized that his family was no longer interested in the business. Of his five sons, not even one wanted to take future charge of the family firm. After the sons married, several family conflicts developed since the in-laws argued that financial distribution was, according to them, not “fairly made”. In addition no management controls were in place. Family members withdrew money as they pleased and merchandise was simply taken from stores using the excuse “this is what others did before”. Eventually family tension increased and new competitors entered the industry, which resulted in decreasing sales, quality and service, and caused a life-size conflict among siblings, in-laws and parents. After many family problems, Don Rogelio decided to sell.

DISCUSSION AND CONCLUSION

“A family system that works satisfactorily is easily passed along through successive generations by means of slow, informal and unwitting apprenticeship” (Faris, 1946, p. 159).

After studying the interaction of the three main elements that impact the learning/knowledge acquisition process in the family firm 1) Family; 2) Enterprise and 3) Next Generation Members— we realized that although the CHAT knowledge transfer general model may apply to some extent in order to explain the overall relationship of how the knowledge transmission process is accomplished in family businesses, the master-apprentice link that incorporates “tradition” as a transferring/sharing knowledge tool into the model doesn’t apply without modification when kinship is involved. The latter is due to the presence of family ties (bonds) and emotions.

Family ties per se influence either positively or negatively the kind of learning/knowledge acquisition outcomes obtained by family members, as well as the identification of the NGMs with the founder, the family and the enterprise. Knowledge flows and idiosyncratic knowledge acquisition are determined to a great extent by the kind of tradition assimilated/practiced and by the existence/nonexistence of family ties.

The family firm represents a part of NGMs’ identity, since it gives him/her a role not only in the family context, but also in the firm/social community context. Thus, the NGM identity is tied to the family and to the business, being thus also connected to
family traditions and to general business traditions. Alternatively, we have to consider that, in order for the NGM to assimilate both kinds of traditions, strong family ties and affirmative emotions must be present. The basic reason is that the learning effort involved in knowing/assimilating the two sets of traditions is only compensated when strong family ties with positive emotions exist. In such cases, the NGM feels a shared responsibility toward the family and toward the enterprise, thus committing him/herself to assimilating, applying and enhancing (consciously or unconsciously) traditions.

In addition, family tradition is a critical aspect that impacts idiosyncratic knowledge acquisition, since the family transmits these family traditions to the NGMs and to the business at the same time within the frame of a general tradition scheme. This means that a general tradition scheme plus a family tradition system merge within the family business imposing in it a unique-collective identity where people work and relate with/to each other following certain social standards (general traditions) but also the family-permeated customs.

Moreover, the family also passes on, from one generation to the other, traditions that NGMs adopt, modify and apply. They pass on the meaning of being a part of the family. Therefore, at the end, the NGM possess/assimilates two schemas: 1) an individual family tradition system that composes part of his/her self-identity, and 2) the family business unique-collective system that builds up the collective identity of the organization. For the NGM, learning about the business becomes a matter of learning from the family, but also becomes an issue of learning about the enterprise as such. Thus, although the NGM may use the “family” as an artifact to learn/acquire knowledge about the business using the modified master-apprentice tool that takes into account family ties—based on CHAT theory—s/he also may learn directly about the enterprise.

The NGM needs to experience the routines and processes in the family firm, learning not only about its values and inner beliefs but also about those small procedures that not even the people working there, know they know: how things are done in the context of the organization. The latter resembles the master-apprentice relationship, but in the organization-individual context. What is more, the enterprise may also benefit from the NGM knowledge (creativity and innovation), learning from him/her and adapting up to a point its collective identity and idiosyncratic knowledge. Hence, there would be a point where the NGM would also have an impact on the collective family traditions applied in the family business, and through it, on the family...
as a whole. At the end, the phrase that best represents this adaptation to the environment and to the time frame (generation) the family and the business live would be not “that’s the way we do it here”―usually the founder statement―but “we’ve always done it like this...except for a few details”―NGM response.

Learning or knowledge acquisition is influenced and determined by attitude, values, trust and commitment. Without them, informal and unwitting apprenticeship (traditions) couldn’t be passed along through generations. Moreover, the behavior of the NGMs will depend on the relationship between the outcomes they observe and the aspirations they have for those outcomes (Levitt and March, 1988) as well as on the rewards and punishments administered. Therefore, expectations, ideals and shared dreams, connected with emotions and family ties are important, though not easily detected, intangible factors that influence the nature of learning.

Contributions: This paper contributes to the knowledge transfer and family business literatures. In this paper, we suggest that in particular contexts, such as a family business environment, family and business traditions, the strength of family ties and affect highly influence behavior, specifically, knowledge acquisition of NGMs (individuals).

Our contributions to the knowledge transfer literature deal with the modification of the CHAT first generation general knowledge transfer model and the master-apprentice tool when the model is applied to family firms―that means, when kinship is involved. The proposed NGLM tries to explain the learning effects and loops that are experienced by different agents during decision-making processes, as well as the kind of previous circumstances (emotions, ties) that foster the attainment of different sets of traditions or idiosyncratic knowledge. The latter allow us to see how sociological, psychological and emotional aspects impact the knowledge transfer and knowledge acquisition procedures, influencing future behaviors and attitudes.

In the family business literature we introduce the notion of family ties and their relationship with emotions which not only impact decision making processes and the long-term sustainability of the family firm, but also and most importantly, the knowledge flows and the development of the NGM self. This article takes a first step toward unraveling the antecedents of NGMs’ knowledge acquisition, proposing that it tends to be associated with 1) the strength of the family ties, 2) the kind of emotions.
nurtured, 3) the development of the individual identity and its relationship with its collective commitment to the family and family firm.

In fact, we consider that the main contributions of this paper for family business researchers and educators can be divided into three areas: Theoretical matters, Practical issues and Educational subjects. We expand on each of these contributions below.

**Research Implications:** Theoretically, this paper raises more than a few possibilities regarding the application of a general knowledge transfer process (CHAT) and its tools (mediating artifact) to all situations. We have seen how in specific cases, such as those where kinship is involved, some adaptations must be done.

The latter may underline the fact that family firms are understudied, offering as a consequence a good field of research for topics related to psychological identification, commitment, loyalty and trust, as well as to how these issues impact knowledge transfer between generations (especially founder-second generation stage). Furthermore, since family ties (bond) have such a relevant character, especially for easing time and efforts in identification processes and knowledge acquisition (communication and assimilation of culture, tradition, values, beliefs, etc.), we put forward the idea that a positive and strong family bond is essential for the long-term sustainability of the family business as such.

**Practical Implications:** The text shows how knowledge acquisition in family firms tends to be associated with family and business traditions transmitted from generation to generation. Likewise, the paper improves our understanding of how family members’ emotions may become sources of either competitive advantages (positive feelings) or disadvantages (negative feelings) for the family firm, influencing not only the knowledge flows and rate of transfer, but also the long-term survival of the business. In addition, the paper tries to convey the message that individuals develop their self-identity based on their own conception of themselves (closely linked to what their family thinks about them and to the traditions they have lived/experienced since childhood) plus on the views other people (e.g. friends, employees, customers, etc.) have of them. Only when a NGM has developed her/his own self-identity, s/he will be able to be part of a collective identity. The latter means that only when the NGM has
built on a well-defined self-identity s/he should be in a position to decide whether to join the family business permanently or not. Taking a step further, that would assure the NGM and the family that if something doesn’t turn out as expected and the NGM has to leave, s/he would be able to maintain her/his own integrity as a self, that means her/his self-identity, without being severely hurt by leaving aside the collective identity s/he pertained to (family business).

**Educational Implications:** In the didactic area, we make an explicit claim regarding the importance of NGM training, making clear that there are non-conventional mechanisms that promote knowledge acquisition and transfer within the family context, such as traditions, family ties and emotions. These idiosyncratic knowledge acquisition tools can be perpetuated (especially traditions) by techniques of representation that synthesize memories, experience, discourse, history and practice.
REFERENCES


Trevinyo-Rodriguez, RN


Trevinyo-Rodriguez, RN


# APPENDIX 1: MANAGEMENT RESEARCH PARADIGMS

<table>
<thead>
<tr>
<th></th>
<th>POSITIVISM</th>
<th>INTERPRETIVISM</th>
<th>CRITICAL POSTMODERNISM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSUMPTIONS</strong></td>
<td>Objective world which science can 'mirror' with privileged knowledge</td>
<td>Intersubjective world which science can represent with concepts of concepts of actors; social construction of reality</td>
<td>Material world of structured contradictions and/or exploitation which can be objectively known only by removing tacit ideological biases</td>
</tr>
<tr>
<td><strong>KEY FOCUS or IDEAS</strong></td>
<td>Search for contextual and organizational variables which cause organizational actions</td>
<td>Search for patterns of meaning</td>
<td>Search for disguised contradictions hidden by ideology; open spaces for previously silenced voices</td>
</tr>
<tr>
<td><strong>KEY THEORIES IN PARADIGM</strong></td>
<td>Contingency theory; systems theory; population ecology; transaction cost economics of organizing; dustbowl empiricism</td>
<td>Symbolic interaction; ethnomet hodology; phenomenology; hermeneutics</td>
<td>Marxism; critical theory; 'radical' perspectives, poststructuralism; postmodernism; deconstructionism; semiotics</td>
</tr>
<tr>
<td><strong>KEY FIGURES</strong></td>
<td>Lorsch and Lawrence; Hannan and Freeman; Oliver Williamson</td>
<td>Goffman; Garfinkel, Schutz; Van Maanen, David Silverman</td>
<td>Marx; Haberlas</td>
</tr>
<tr>
<td><strong>GOAL OF PARADIGM</strong></td>
<td>Uncover truth and facts as quantitatively specified relations among variables</td>
<td>Describe meanings, understand members' definitions of the situation, examine how objective realities are produced</td>
<td>Uncover hidden interests; expose contradictions; enable more informed consciousness; displace ideology with scientific insights; change</td>
</tr>
<tr>
<td><strong>NATURE OF KNOWLEDGE or FORM OF THEORY</strong></td>
<td>Verified hypotheses involving valid, reliable and precisely measured variables</td>
<td>Abstract descriptions of meanings and members= definitions of situations produced in natural contexts</td>
<td>Structural or historical insights revealing contradictions</td>
</tr>
<tr>
<td><strong>CRITERIA FOR ASSESSING RESEARCH</strong></td>
<td>Prediction=Explanation Rigor; internal &amp; external validity, reliability</td>
<td>Trustworthiness Authenticity</td>
<td>Theoretical consistency Historical insights Transcendent interpretations Basis for action, change potential and mobilization</td>
</tr>
<tr>
<td><strong>UNIT OF ANALYSIS</strong></td>
<td>The variable</td>
<td>Meaning; symbolic act</td>
<td>Contradictions, incidents of exploitation; signs</td>
</tr>
<tr>
<td><strong>RESEARCH METHODS and TYPE(S) OF ANALYSIS</strong></td>
<td>Experiments; questionnaires; secondary data analysis; quantitatively coded documents Quantitative: regression; Likert scaling; structural equation modeling Qualitative: grounded theory testing</td>
<td>Ethnography; participant observation; interviews; conversational analysis; grounded theory development Case studies; conversational and textual analysis; expansion analysis</td>
<td>Field research, historical analysis, dialectical analysis; deconstruction, textual analysis</td>
</tr>
</tbody>
</table>

## Action Research Typology

### APPENDIX 2: ACTION RESEARCH TYPOLOGY

(Meyer, 2000; based on Hart and Bond, 1994)


<table>
<thead>
<tr>
<th>Action research typology (adapted from Hart and Bond)</th>
<th>Consensus model of society</th>
<th>Rational social management</th>
<th>Professionalising</th>
<th>Empowering</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Educative base</strong></td>
<td>Re-education or training</td>
<td>Reflective practice</td>
<td>Consciousness raising</td>
<td></td>
</tr>
<tr>
<td>Enhancing social science or administrative control and social change towards consensus</td>
<td>Enhancing managerial control and organisational change towards consensus</td>
<td>Enhancing professional control and individuals’ ability to control work situation</td>
<td>Enhancing user control and shifting balance of power; structural change towards pluralism</td>
<td></td>
</tr>
<tr>
<td>Interpreting relationships between behaviour and output; identifying causal factors in group dynamics</td>
<td>Overcoming resistance to change or restructuring balance of power between managers and workers</td>
<td>Empowering professional groups; advocacy on behalf of patients or clients</td>
<td>Empowering oppressed groups</td>
<td></td>
</tr>
<tr>
<td>Social scientific bias, researcher focused</td>
<td>Managerial bias or client focused</td>
<td>Practitioner focused</td>
<td>User or practitioner focused</td>
<td></td>
</tr>
</tbody>
</table>

| **2. Individuals in groups**                         | Closed group, controlled, selection made by researcher for purposes of measurement, interfering relationship between cause and effect | Work groups or mixed groups of managers and workers, or both | Professional(s) or (interdisciplinary) professional group, or negotiated team boundaries | Fluid groupings, self selecting or natural boundary or open/closed by negotiation |
| Fixed membership                                      | Selected membership         | Shifting membership         | Fluid membership |

| **3. Problem focus**                                 | Problem emerges from the interaction of social science theory and social problems | Problem defined by powerful group, some negotiation with users | Problem defined by professional in group, some negotiation with users | Emerging and negotiated definition of problem by less powerful group(s) |
| Problems relevant for social science or management interests | Problem relevant for management/social science interests | Problem emerges from professional practice or experience | Problem emerges from members’ practice or experience |
| Success defined in terms of social sciences          | Success defined by sponsors | Contextual, professionally determined definitions of success | Competing definitions of success, accepted and expected |

| **4. Change of intervention**                        | Social science experimental intervention to test theory or generate theory, or both | Top down, directed change towards predetermined aims | Professionally led, pre-defined, process led | Bottom up, undetermined, process led |
| Problem to be solved in terms of management aims     | Problem to be solved in terms of management aims | Problem to be resolved in the interests of resolved in the interests of research based practice and professionalisation | Problem to be explored as part of the process of change, developing an understanding of meaning of issues in terms of problem and solution |

| **5. Improvement**                                   | Toward controlled outcome and consensual definition of improvement | Towards improvement in practice defined by professionals and on behalf of users | Towards negotiated outcomes and pluralist definitions of improvement: account taken of vested interest |

| **6. Cyclic processes**                              | Research components dominant | Action and research components in tension; action dominated | Research and action components in tension; research dominated | Action components dominant |
| Identifies causal processes that can be generalized  | Identifies causal processes that are specific to problem context or can be generalised, or both | Identifies causal processes that are specific to problem or can be generalised, or both | Changes course of events, recognition of multiple influences upon change |

| **7. Research relationship, degree of collaboration** | Time limited, task focused | Clearer cycle, rationalist, sequential | Spiral of cycles, opportunistic, dynamic | Open ended, process driven |
| Researcher as expert or research funding             | Client pays an outside consultant—“they who pay the piper call the tune” | Outside resources or internally generated, or both | Outside resources or internally generated, or both |
| Differentiated roles                                 | Differential roles          | Marginal roles                | Shared roles |

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ABSTRACT

In this study we focus in the personal factors-psychosocial motivation that drive NGMs’ decision to incorporate or not into the family firm; specifically in the kind of desires that determine their identification with their NGM identity. We analyze NGMs’ conscious and unconscious tendencies to join or not the firm (which altogether we label NGMs’ Entry Tendency), embedding them in the identity and social identity theories –theories widely used in the social psychology literature.

Throughout this work, we target the following questions: How does the conscious desire (psychological centrality of the NGM) and unconscious desire (identity salience of the NGM) to join the family firm impact the NGMs’ decision to join or not the family firm? Are these specific NGMs’ desires, related to commitment to the NGM identity and/or to the family ties and traditions?

The results from our hypothesized structural model suggest that NGM conscious and unconscious desires to join the family firm affect significantly and differently NGM choice and actual behavior, being two complementary constructs that together explain—as mediating variables—NGM intended behavior and actual deeds in the context of family firms. In addition, we found out that NGMs’ desires are related to commitment to the NGM identity, construct that is positively affected by family ties and traditions.

The paper has practical limitations that stem out from data collection constraints; nonetheless, we consider the outcomes to be acceptable within the Stets and Burke’s (2000) contribution (model).

KEYWORDS

Identity Salience, Psychological Centrality, Affective Commitment, Interactional Commitment, Next Generation Members’ Identity, Behavior, Strength of Family Ties and Tradition, Family Business.
INTRODUCTION

Any family firm that wishes to continue in the business as a family enterprise relies on Next Generation Members (NGMs) to assure its continuity. However, the paths that connect NGMs with their family businesses are not easy to walk; they tend to be filled with choices, challenges and family interactions that not only affect the family business survival, but also the NGM identity formation. NGMs future careers, as well as their personal and professional well-being, may depend on these paths. Hence, analyzing them makes sound sense. Discussing what’s the role NGMs play in the family firm, the determinants of their incorporation to the family-owned enterprise, as well as the processes, people and situations that affect their decision to join or not the family business may not only clarify the logic behind the process, but also may shed some light regarding the main points to be considered since childhood in order to prepare the NGMs for an adult, informed decision regarding how to collaborate with their family firm. It is not only a matter of basic understanding of succession problems, but an issue of planning the family business survival.

Much has been written about succession in family firms; in fact, this subject occupies approximately one-third of the family business literature (Sharma, Chrisman, & Chua, 1996). By definition, succession is a dynamic process during which the roles and duties of the predecessor and the successor evolve independently and overlap, with the ultimate goal being to transfer both the management and ownership of the business to the next generation (Cadieux, Lorrain & Hugron, 2002). The existing succession models (Barnes & Hershon, 1976; Longenecker & Schoen, 1978; Churchill & Hatten, 1987; Handler, 1990; Holland & Oliver, 1992) base on the principle that the process starts well before the successor enters into the business, ending when the predecessor retires.

The timing of involvement of the NGMs in a family firm can have dramatic consequences for the continuity of the firm (Stavrou, 1998). Attracting NGMs to the family firm can bring in new ideas (Ward, 1987), regenerating the business. Nonetheless, research does not demonstrate a lot of attention to planning for and managing the entry careers of NGMs in the family firm (Stavrou, 1998).

Although the most appropriate timing for the NGMs to enter the family business varies from family to family, Harvey and Evans (1994), in line with Ward (1987), Davis (1968) and Christensen (1953) point out that consideration of entry to the business
should start at early stages of the NGMs. Indeed, few studies focus on the NGMs’ perspective and on the factors related to their involvement in the family business (Ibrahim, Soufani & Lam, 2001). Most of them generally emphasize the offspring life stages (Davis, 1982; Davis & Tagiuri, 1989, Ward, 1987), whereas others pinpoint to gender and birth order (Handler, 1991, Lansberg, 1991), competence (Lansberg & Astrachan, 1994) and/or personality traits (Goldberg & Wooldridge, 1993).

Even so, of particular concern is the level of interest of members of the junior generation (Ward, 1987; Handler, 1989). Stavrou (1999) found out that offspring intentions to join or not the family business are highly related to individual needs, goals, skills, and abilities. In this line, Lansberg (1991) supports the importance of the junior generation family member’s skills and overall ability to do their assigned work. Moreover, Stavrou (1999) further found out that the decision to enter the business is related to family issues not to business issues. Although we agree on the latter, we think that there are other individual, psychosocial factors that affect NGMs’ decision, such as their identification with their own NGM identity. As a matter of fact, in this line, Handler (1992; 1994) has pointed out that when deciding to join or not the family firm (succession stage), NGMs will tend to evaluate how they could fulfill their career interests, psychosocial needs (e.g. identity) and life stages needs.

Actually, decisions about the role of NGM tend to be emotionally loaded and therefore avoided in family firms (Stavrou, 1998; Lansberg, 1991). From the perspective of the NGMs, this decision is part of a long process (pre-entry, entry, succession phases) that will impact their life, behaviors and beliefs. Thus, the decision to join the family firm is not an easy one; it involves multiple factors and considerations. NGMs usually make their decision about joining or not the family firm sometime between age 18 and 28 (Handler, 1989; Birley, 1991; Ward, 1987; Stavrov, 1998). In reaching their decision whether to join or not the family-owned business, NGMs take into consideration many issues. Stavrov (1998) identified four: the family factor, the business factor, the personal factor and the market factor. According to her, the family factor involves behavior resulting from being part of the family and participating in its dynamics, values, relationships, needs, and desires. The business factor comprises behavior related to interest in the business operation and practices. The personal factor pertains to behavior that results from individual needs, goals, skills, and
abilities. Finally, the market factor, relates to behavior regarding employment opportunities in the business (Stavrov, 1998).

In spite of the aforementioned research considering the NGMs’ perspective, there is no clear understanding of the main set of elements composing either the four factors identified by Stavrov (1998) or the NGMs’ needs mentioned by Handler (1989, 1992, 1994). And, although those investigations provide us with a path to follow in order to understand NGMs’ decision-making processes, there is a gap in the family business literature when we try to study each factor/need more in depth. Thus, further research is required on them, clarifying their composition and effect.

In this study we will focus in the personal factors-psychosocial needs that drive NGMs’ decision and behavior to incorporate or not into the family firm. Specifically, we will analyze the kind of desires that determine their identification with the NGM identity and their possible entrance into their family firm.

According to several sociological and psychological approaches, the individual tendency to decide and act in a certain way is determined by his/her own identification with an identity. However, this identification can be conscious or unconscious, affecting in different ways activation and behavior. How does the conscious desire and unconscious desire to join the family firm impact the NGMs’ decision to join or not the family firm? Are these specific NGMs’ desires, related to commitment to the NGM identity and/or to the family ties and traditions? This study targets those issues.

We will analyze NGMs’ conscious and unconscious tendencies to join or not the firm, embedding them in the identity and social identity theories –theories widely used in the social psychology literature. We follow Stets and Burke (2000) claim that these two theories should be merged in order to gain not only a micro and macro approach of the individual, but also to understand the kinds of identity invocations (conscious and unconscious) that affect his/her actions. In this way, we will see how the identity invocation personal factor-psychosocial need, affects NGMs decision regarding incorporating or not to their family firm. The latter is important because unless business-owning-families understand their offspring’s intentions and aspirations about the family firm, NGMs’ behavior could lead to disappointment on the part of the generation-in-charge, threatening the relationships in the family and the long-term survival of the business (Stavrou, 1998, Nelton, 1991).
This paper is organized as follows. First, we develop and introduce the “NGM Entry Tendency” construct, followed by our proposed model and hypotheses. Then, our research design, measures and analyses are shown. Finally we explore possible implications of the obtained results in the discussion section and conclude with several remarks, future research ideas and applications for practitioners.

**NGM-ENTRY TENDENCY CONSTRUCT (NGM-ET)**

*A mediating variable between Commitment Processes and Behavior in Family Firms.*

Individual choice and behavior is either related to a conscious or unconscious invocation of identities. Thus, in order to analyze the kind of desires that affect NGMs’ choice and behavior regarding their incorporation to the family firm, we need to study those invocations thoroughly. We will use identity theory and social identity theory concepts of identity preeminence to analyze and operationalize them.

We will name the conscious NGMs’ invocations of the NGM identity, “conscious desire to join the family firm”, and will identify it with what social-identity theorist understand by psychological centrality—the individuals’ conscious tendency to organize and differentiate elements of their self-concepts with respect to importance; consciously choosing which identity is desirable in a situation or context--.

On the other hand, we will call the unconscious NGMs’ invocations of the NGM identity, “unconscious desire to join the family firm”, and will understand by it what identity theorist recognize as identity salience—the probability that a given identity will be unconsciously invoked in a certain situation, being therefore instinctive and involuntary mirror of our identity categorizations (which identity weights more).

Trying to assess the impact of both conscious and unconscious desires to join the family firm, we create a new construct labeled “NGM Entry Tendency” (NGM-ET). The novelty about this concept relies on the integration of both the conscious and unconscious connotations (salience and centrality concepts) that stand behind intended and actual behavior.

NGM-ET links the probability that the NGM identity will be activated in a given situation in a given context, with the probability that the NGM consciously activates a given identity (self-awareness) in that situation and context.

\[
\text{NGM-ET} = \text{NGM Unconscious desire to join} + \text{NGM Conscious desire to join}
\]
NGM-ET, being the result of both conscious and unconscious invocations of the NGM identity, should positively impact the intended choice variable, as shown below:

The latter means that if the NGM invokes consciously and/or unconsciously its NGM identity, this will lead him/her to choose to behave as a NGM (e.g. joining the family firm). On the contrary, if the identity invoked is not that of being a NGM, then s/he may choose not to join the family business.

Based on Stryker and Serpe (1994), intended choice is a function of the relative prominence of identities to which the choices are related—either conscious or unconscious (our NGM-ET construct). This relative salience of identities is, in turn, a function of the individual commitment to the identities s/he plays.

In the literature, the predominant direction of the relationship between commitment and salience of an identity—being from the former to the latter—is reasonably well established. Consequently, the expected relationship could be illustrated by the following variable associations:

Commitment is defined by the social and personal costs entailed in no longer fulfilling a role based on a given identity (Stryker, 1980; Stryker & Serpe, 1994). These costs are in this respect a function of the strength of the ties to other individuals in the social network (e.g. family) to which one relates, due to the fact that we play a role and have a given role-identity.

When referring to NGMs, being committed to the NGM identity implies that conscious and/or unconscious invocations of that identity would activate the NGM identity, causing them to choose behaviors aligned to it (tendency to enter the business). On the contrary, if the NGM no longer fulfills—or has never fulfilled—the NGM identity, his/her low commitment towards it would not allow him/her to act accordingly.
The idea of commitment to an identity was introduced by Stryker and Serpe (1982, 1994). According to them, commitment can be quantitative or qualitative in nature. The first one—interactional/interactive commitment—is related to the number of persons to whom one is tied through an identity. The second one—affective commitment—is associated with the relative strength or depth of the ties to others.

In line with our proposed ‘Commitment-NGM-ET-Intended Choice’ association, Stets and Burke (2000) as well as Stryker (1980, 1987) suggest that the more persons one is tied to by holding an identity, the greater the likelihood that this identity will be activated in a given situation. That implies that the stronger the interactive commitment to an identity, the greater the salience of that identity. Moreover, it equally puts forward the idea that stronger ties to others through an identity (affective commitment) lead to a more prominent identity. The latter would entail that if NGMs are either tied or strongly connected to persons related to the family and/or family firm who reaffirm their NGMs’ identity, then the likelihood that they will choose to act in line with that identity in the family/family business context will be higher.

To empirically examine these proposed relationships, we have developed some structural equation models. Next section explains them in detail.

PROPOSED MODEL AND HYPOTHESES

We developed a complex structural equation model representing a combination of both NGMs’ conscious and unconscious desires to join the family firm. To make it up and so as to assess each desire contribution to behavior, we joined two independent and alternative structural models—one examining the “NGM unconscious desire to join the family firm” (model 1) and another one analyzing the “NGM conscious desire” (model 2).

Thus, our combined model, model 3, examines both the conscious and unconscious invocations that influence intended and actual behavior of NGMs and how those invocations relate to identity commitment. Detailed construction and analysis of the three models is presented in the section ‘Analyses and Results’, where we compare their fit and appropriateness to our data.
We propose that NGMs’ entry tendency and decision to join the family firm or not is based on their commitment to their NGM identity, which manifest either consciously, unconsciously or both. If this argument holds, we could expect that in a context-specific situation (pertaining to a business family), being committed to a family-business-NGM identity will positively impact not only the NGM-ET construct, but also choice and actual behavior. On next page, we show our combined model (Figure 1), as well as the relationships we present an empirical examination of.

We are aware that this paper has practical limitations that stem out from data collection constraints (e.g. self-selection bias and sample size); nonetheless, we consider the outcomes to be acceptable within the Stets and Burke’s (2000) contribution (model). In fact, what we have done in this paper is to replicate Stets and Burke’s (2000) existing model –(Figure 1)-- within the family business context; the latter in order to see if it holds or not for this specific setting.

**Figure 1** MODEL 3 – Combined Model including Unconscious and Conscious Desires

![Figure 1](image)

All arrows being positive associations… (+)

**Abbreviations used in the above model:**

FB = Family Business
AFF COMTMT = Affective Commitment
SALIENCE OF BEING A FB NGM = Next Generation Members’ Unconscious Desire to join the Family Firm
STRENGTH T/T = Strength of family ties and traditions
INT COMTMT = Interactional/Interactive Commitment
PSYCHOLOGICAL CENTRALITY OF BEING A FB NGM = Conscious desire to join the family firm.
NGM CHOICE = Choice regarding joining or not the family firm
ACTIVE = Being active/working in the family business.
Accordingly, we could hypothesize the following:

H1: The strength of family ties and traditions is positively associated with the level of affective commitment to the NGM identity.

H2: The strength of family ties and traditions is positively associated with the level of interactional commitment to the NGM identity.

H3: NGMs’ affective commitment to the NGM identity is positively associated with the NGM Unconscious desire to join the Family Firm.

H4: NGMs’ affective commitment to the NGM identity is positively associated with the Conscious desire to join the Family Firm.

H5: NGMs’ interactional commitment to the NGM identity is positively associated with the NGM Unconscious desire to join the Family Firm.

H6: NGMs’ interactional commitment to the NGM identity is positively associated with the Conscious desire to join the Family Firm.

H7: The higher the NGM-ET (conscious + unconscious desire), the more probable the NGM choice of entering the family firm/contributing to it.

H8: NGMs’ unconscious desire to join the family firm is positively associated with NGMs’ choice, which in turn is positively associated with the NGMs’ actual behavior.

H9: The conscious desire to join the family firm of the NGM is positively associated with both the choice and the actual behavior of the NGM (being active in the FB).

Note: Although the central objective of the proposed model with nine hypotheses is to see if Stets and Burke’s (2000) contribution holds within the family business context, throughout this text we will also address the investigation of second issues related to the following variables: gender, country (cross-cultural differences), and age range.
RESEARCH DESIGN

We developed an invitation letter which was sent via e-mail to 500 NGMs who were registered in and wanted to receive correspondence from one of the following institutions:

1) The Family Business Club at IESE (Spain)
2) The Family Firm Center at ITESM Campus Monterrey (Mexico)
3) The Family Research Center at INALDE (Colombia)
4) The Family Business Foundation of Santa Fe (Argentina)
5) Nexia Family Firm Foundation (Spain)
6) Some Consulting Firms and Family Business Centers worldwide.

The letter explained the research project, encouraged participation, promised that each participant would receive an executive summary of the findings when the study was completed, and indicated that if the NGM decided to participate s/he just had to click a link in order to access an online survey to complete.

The survey (Appendix 1) was constructed based on both, the sociology and psychology literature –studies done before on identity salience and psychological centrality--, as well as by introducing some other indicators dealing with family ties, tradition and commitment that were validated using bivariate interitem correlations--Kendall tau-b (Kendall, 1963; Nunnally, 1978) and confirmatory factor analysis (CFA). We’ve used Kendall tau-b correlations due to the fact that our scales (see questionnaire Appendix 1) were ordinal –from 1 to 4 (Q7 and observed construct NGMs’ unconscious desire) and from 1 to 7 (all other questions)--, making the classical linear correlation not the best option for the identification of groups of inter-related ranked categorical variables. Justification for the reduced scale from 1 to 4 used in question seven (Q7) and the statements measuring the observed variable unconscious desire (right after Q7 in Appendix 1) could be found in the literature, since identity salience and psychological centrality constructs have been measured using this scale. We followed the already established path in order to make the study comparable to others in the sociology and/or psychology field.

5 Here we acknowledge for the possibility of sample bias (self-selection), since we could argue that the NGMs registered in these institutions and who wanted to receive correspondence from them could have been already committed to the FB NGM identity.
This research project was run within a 15 month-period, from October 2005 to December 2006. Subjects were asked to complete self-administered questionnaires (Appendix 1) sent via e-mail, thus providing us information about the different roles and identities they played, all aspects of their positions as NGMs, Family Members, Professionals, Employees, Friends etc. The NGMs also provided information about their familial roles and identities.

After excluding incomplete surveys, as well as those from NGMs that were less than 20 years old and/or had been answered by founders/1st generation members, we received useable responses from 203 NGMs—active and non-active in the family firm pertaining to the 2nd, 3rd, 4th, 5th and 12th generation--or 41% of the original sampling frame of 500 NGMs.

The NGMs in our final sample were on average 29 years old, and were citizens of the following countries:

<table>
<thead>
<tr>
<th>NGMs Sample Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male = 118 (58%)</td>
</tr>
<tr>
<td>Female = 85 (42%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>% of Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>5.4%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2%</td>
</tr>
<tr>
<td>Colombia</td>
<td>1.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>15%</td>
</tr>
<tr>
<td>USA</td>
<td>3.9%</td>
</tr>
<tr>
<td>Mexico</td>
<td>62.2%</td>
</tr>
<tr>
<td>Others</td>
<td>9.9%</td>
</tr>
<tr>
<td>Total N = 203</td>
<td>100%</td>
</tr>
</tbody>
</table>

It’s important to mention that these family enterprises had been in business for at least 20 years (1st generation stage) representing the following industries according to the first two digits of the North American Industry Classification System (NAICS):

<table>
<thead>
<tr>
<th>Family Firms Classification According to NAICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=203</td>
</tr>
<tr>
<td>% of Representation</td>
</tr>
<tr>
<td>11 Agriculture, Forestry</td>
</tr>
<tr>
<td>23 Construction</td>
</tr>
<tr>
<td>31-33 Manufacturing</td>
</tr>
<tr>
<td>44-45 Retail Trade</td>
</tr>
<tr>
<td>51 Information</td>
</tr>
<tr>
<td>72 Accomodation and Food</td>
</tr>
<tr>
<td>81 Other Services</td>
</tr>
</tbody>
</table>
MEASURES

In order to justify our operationalization of constructs –assignation of each Q# of the questionnaire (Appendix 1) to the latent construct it measures, we used non parametric Kendall tau-b correlation measures. In Table 1 you could find all tau-b correlations along with their significance. Since no inter-factor correlation is above the recommended level of 0.65 (Tabachnick & Fidell, 1996), multicollinearity and problems created by a lack of discriminant validity are not likely to bias our data.

Table 1 Kendall's Tau-b Correlations

<table>
<thead>
<tr>
<th></th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
<th>Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>0.2**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.1</td>
<td>0.2**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>0.2*</td>
<td>0.2**</td>
<td>0.6**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>0.1*</td>
<td>0.2**</td>
<td>0.5**</td>
<td>0.6**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>0.0</td>
<td>-0.1</td>
<td>-0.2**</td>
<td>-0.1</td>
<td>-0.2**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td>-0.1</td>
<td>0.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>0.2**</td>
<td>0.2**</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1*</td>
<td>0.1</td>
<td>0.1*</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q11</td>
<td>0.1*</td>
<td>0.1</td>
<td>0.3**</td>
<td>0.2**</td>
<td>0.2**</td>
<td>0.0</td>
<td>0.3**</td>
<td>0.2**</td>
<td>0.3**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q12</td>
<td>0.0</td>
<td>0.1</td>
<td>0.2**</td>
<td>0.2**</td>
<td>0.1**</td>
<td>-0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.2**</td>
<td>0.2**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q13</td>
<td>0.2**</td>
<td>0.2**</td>
<td>0.2**</td>
<td>0.3**</td>
<td>0.3**</td>
<td>-0.2**</td>
<td>-0.2**</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.2**</td>
<td></td>
</tr>
<tr>
<td>Q14</td>
<td>-0.1*</td>
<td>0.0</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.2**</td>
<td>0.2**</td>
<td>0.0</td>
<td>0.1</td>
<td>-0.1*</td>
<td>0.0</td>
<td>-0.2**</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

After analyzing the tau-b correlations, and due to the fact that they were lower than expected, we decided to use multidimensional scaling (MDS) to illustrate the distribution and structure of our data, as well as to validate the aggregation of variables we’ve done in order to operationalize the latent constructs. We applied MDS using 1–tau-b as our dissimilarity matrix. We run the MDS model in XLSTAT (Excel Add-in software) obtaining the following solution (Figure 1.1). A straightforward way to see which items in our questionnaire are similar (highly correlated) is by visual inspection, cluster-analyzing the items across all dimensions.

Figure 1.1 Multidimensional Scaling
As it can be seen, questions Q4, Q5, and Q6 are highly and significantly correlated (see Table 1), as a consequence when we analyze the MDS model, we could see that the distance between them is pretty small, being closely located, further supporting our aggregation of these items.

Moreover, as an extra aid to test the aggregations of items, we run a factor analysis including all the questionnaire items. The exploratory factor analysis yielded the proposed four factors, demonstrating the distinctiveness of the items used to measure strength of family ties and traditions, affective commitment, interactional commitment, and NGMs’ unconscious desire to join the family firm (identity salience). In the component plot below (Figure 2) only three components are shown (three dimensions); however, the distinctiveness of the factors could be notably appreciated (in agreement with MDS model).

*Figure 2 Factor Analysis*

Below (Figure 3), our combined model operationalizes unobserved variables based precisely on the bivariate correlations’ significance (Table 1) and on the MDS
model results (aggregation). Each small square with a Q# represents the question (from the survey) on which we draw.

Figure 3 Combined Model

1) NGMs’ Choice (observed variable)
   Question located at the end of the questionnaire (not numbered)

To operationalize NGMs’ choice, we asked the respondents to explicitly assess their behavioral preference regarding the family firm. That is, to tell us their intention regarding joining/continue working or not in the family business in the near future. The question (Appendix 1) was phrased like this: “In the near future I would most like:

a) To make a major contribution to my family business from inside,   
   b) To help the family business from an outside role, performing a different non-related activity I really like. If they answered a) we considered their NGM identity to be already activated, choosing therefore to join/continue working in the family firm, while if they chose b) we judged that another (professional) identity was triggered (not the NGM one), causing them not to be attracted to enter/stay in the business. It’s important to note that we distinguish between choice and actual behavior. Choice is whenever one intends to do something; however, actual behavior is determined by having done the intended action.
Our measure of the NGM conscious desire to join the family firm is based on a comparison procedure in which each identity-role we considered (Family Business Member, Family Member, Worker, Peer/Friend, and Professional Association Member) was rated according to the importance each individual consciously gave it in their current life. Specifically, we asked NGMs to classify each identity(role on a four-point scale ranging from 1 (not important at all) to 4 (very important) --Appendix 1--. Based on the means of each role-identity, a proposed order of identities could be 1) Family Member, 2) FB Member, 3) Peer/Friend, 4) Worker and 5) Professional Association Member.

<table>
<thead>
<tr>
<th>ROLE</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBmember</td>
<td>3.18</td>
<td>.889</td>
</tr>
<tr>
<td>FAMmember</td>
<td>3.65</td>
<td>.675</td>
</tr>
<tr>
<td>Worker</td>
<td>2.92</td>
<td>.956</td>
</tr>
<tr>
<td>Peer_Friend</td>
<td>3.14</td>
<td>.936</td>
</tr>
<tr>
<td>ProfAssocM</td>
<td>2.73</td>
<td>.916</td>
</tr>
</tbody>
</table>

However, in order to confirm the above proposed ranking/order of identities, paired t-tests among these identity-roles were performed, indicating that the FBmember role was significantly different from the FAM Member role. We tried all combinations of identities in order to assess other significant differences between their means. All paired differences were significant except for the Family Business Member-Peer/Friend pair.

Considering that the FBmember and Peer/Friend means are very close, and according to the tests done the Family Business Member-Peer/Friend pair does not have significantly different means, we decided to classify it as one category in our hierarchy. Consequently, our final ranking of importance instead of having five categories has just four: 1) Family Member, 2) Family Business Member & Peer/Friend, 3) Worker, and 4) Professional Association Member.

Slight differences were noticed between roles in men and women when running the paired t-test for each group. Both female and male NGMs rated the 1) Family
Trevinyo-Rodriguez, RN

Member identity/role as the most important of all with less variability than the others. However, when assessing the other categories of the ranking, both groups differed.

We run paired comparison t-tests between the identities declared by women and men in the rankings established before, and we found out (based on significance between means) that while for women, the categorization goes as follows 2) Peer-Friend & Family Business Member and 3) Worker and Professional Association Member, for men it turns out to be 2) Family Business Member-Peer/Friend-Worker 3) Professional Association Member.

Table 3 Paired Differences detected between Women and Men

<table>
<thead>
<tr>
<th>Paired Differences</th>
<th>WOMEN</th>
<th></th>
<th>MEN</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Dev.</td>
<td>Sig.</td>
<td>Mean</td>
</tr>
<tr>
<td>FBmember - FAMmember</td>
<td>-.588</td>
<td>.992</td>
<td>.000</td>
<td>-.3898</td>
</tr>
<tr>
<td>FBmember - Worker</td>
<td>.259</td>
<td>1.135</td>
<td>.039</td>
<td>.25424</td>
</tr>
<tr>
<td>FBmember - Peer_Friend</td>
<td>-.129</td>
<td>1.307</td>
<td>.364</td>
<td>.1525</td>
</tr>
<tr>
<td>FBmember - ProfAssocM</td>
<td>.318</td>
<td>1.256</td>
<td>.022</td>
<td>.5339</td>
</tr>
<tr>
<td>FAMmember - Worker</td>
<td>.847</td>
<td>1.190</td>
<td>.000</td>
<td>.6440</td>
</tr>
<tr>
<td>FAMmember - Peer_Friend</td>
<td>.459</td>
<td>1.030</td>
<td>.000</td>
<td>.5423</td>
</tr>
<tr>
<td>FAMmember - ProfAssocM</td>
<td>.906</td>
<td>1.130</td>
<td>.000</td>
<td>.9237</td>
</tr>
<tr>
<td>Worker - Peer_Friend</td>
<td>-.388</td>
<td>1.176</td>
<td>.003</td>
<td>-.1016</td>
</tr>
<tr>
<td>Worker - ProfAssocM</td>
<td>.059</td>
<td>1.039</td>
<td>.603</td>
<td>.2796</td>
</tr>
<tr>
<td>Peer_Friend - ProfAssocM</td>
<td>.447</td>
<td>1.170</td>
<td>.001</td>
<td>.3813</td>
</tr>
</tbody>
</table>

In order to analyze data and run our proposed model for NGMs, we will consider only one of their roles, that one of being a Family Business Member—to which subjects (altogether) accorded a high centrality (second most important after being a Family Member – see Table 2). The latter is due to the fact that what we want to analyze is precisely the NGM identity-role, which is intrinsically related to pertaining and working in the family business. We assume that NGMs are well-integrated in the family and that they have no serious conflicts within it.

3) NGM Unconscious desire to join the Family Firm  (Q7 and Q14)

We measured the NGM unconscious desire to join the family firm by asking subjects to report, in meeting other people for the first time in various situations, what they would tell them about themselves. References in the literature (identity salience) have addressed the unconscious activation of an identity in this same way (Hoelter, 1983; Serpe, 1987; Serpe & Stryker, 1987; Thoits, 1992; Stryker & Serpe, 1994). Items
were evaluated in a four-point scale range, from 1 (not important at all) to 4 (very important).

A significant tau-b correlation at the 0.01 level was found (0.215**), therefore supporting our identity salience measure. One-way analysis of variance showed no significant differences among gender, generations and countries—Mexico and Spain—for none of these two items.

4) Interactional Commitment (Q2, Q3, Q9, Q13)

Interactional commitment represents the extensiveness or number of social relationships associated with a role-identity. Four items asked NGMs a set of questions concerning their social involvement (cohesiveness of social relationships) within their family firm on a seven-point Likert scale ranging from 1 (completely agree) to 7 (completely disagree). Tau-b correlations were all significant at the 0.01 level, thus legitimizing our aggregation of items in order to measure interactional commitment. The idea is that NGMs’ social involvement within the family firm reflects the extensiveness of their social relations within the business (association with the NGM role-identity). The overall measure of interactional commitment had a Cronbach’s alpha of 0.60. As a general rule of thumb, Shoukri and Edge (1996), suggest that a reliability coefficient is excellent if is larger than 0.75, good if is between 0.4 and 0.75, and poor if is less than 0.4. So, this measurement has a good reliability.

Significant differences were detected for item Q13 between men and women, and among NGMs’ generations (2nd, 3rd, 4th, 5th, 12th). The latter may mean that individual motivations are different depending on gender and generation.

In item Q13, women exhibited a significantly higher motivation towards supporting their family business (means: 4.49 vs. 5.42), while men were more conservative and tended to be oriented towards succeeding at their profession (competitive). These results agree with Wiley’s (1991) and Gecas & Seff’s (1990) ideas stating that work is a much more essential self-defining role for men than for women, heightening the salience of and commitment to their work-role behavior.
Table 4 Differences between men and women in Q13 – Interactional Commitment

<table>
<thead>
<tr>
<th>Gender</th>
<th>Q2 Mean</th>
<th>Std. Dev.</th>
<th>Q3 Mean</th>
<th>Std. Dev.</th>
<th>Q9 Mean</th>
<th>Std. Dev.</th>
<th>Q13 Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men (118)</td>
<td>3.17</td>
<td>1.988</td>
<td>2.73</td>
<td>1.786</td>
<td>2.7</td>
<td>1.941</td>
<td>4.49</td>
<td>2.083</td>
</tr>
<tr>
<td>Women (85)</td>
<td>3.15</td>
<td>1.887</td>
<td>2.68</td>
<td>1.59</td>
<td>2.93</td>
<td>2.075</td>
<td>5.42</td>
<td>1.809</td>
</tr>
</tbody>
</table>

*** p<0.001

Younger generations (2nd and 3rd) tended to be significantly more inclined to remain in the family firm, while older generations (4th, 5th, 12th) were more prone to develop their own profession. The latter may be due to professionalization rules implanted in the family business as it grows and develops (protocol, which may or may not work in the business –cousin consortium stage--, etc.).

In addition, a t-test for independent samples was run between the two most represented countries in our sample: Mexico (62.1%) and Spain (15.3%), suggesting significant differences not only in item Q13 (p<0.001), but also in items Q2 (p<0.05) and Q9 (p<0.01)—see tables below. These results suggest that Mexicans are more committed to stay in the business than Spaniards. However, a greater sample of Spaniards would be needed in order to corroborate this result, since the actual one is relatively small.

Table 5 Differences between Mexico and Spain in Q2, Q9, Q13

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Q2 * Mean</th>
<th>Std. Dev.</th>
<th>Q3 Mean</th>
<th>Std. Dev.</th>
<th>Q9 ** Mean</th>
<th>Std. Dev.</th>
<th>Q13 *** Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>126</td>
<td>3.44</td>
<td>1.895</td>
<td>2.91</td>
<td>1.73</td>
<td>2.92</td>
<td>2.1</td>
<td>5.48</td>
<td>1.677</td>
</tr>
<tr>
<td>Spain</td>
<td>31</td>
<td>2.65</td>
<td>1.924</td>
<td>2.29</td>
<td>1.596</td>
<td>1.9</td>
<td>1.423</td>
<td>3.74</td>
<td>2.323</td>
</tr>
</tbody>
</table>

* p<0.05; ** p<0.01; *** p<0.001

5) Affective Commitment (Q4, Q5, Q6)

The measure of affective commitment is made up of three items, also treated as the observed indicators of the underlying unobserved variable (Q4, Q5 & Q6). Items asked the subjects to select an answer in a category from 1 (completely agree) to 7 (completely disagree), which best reflected their position regarding how they felt about

---

6 Acknowledging sample size limitations.
their involvement in activities related to their role of family business NGMs—especially about their attachment and the impact they have/could have on the family business. Tau-b correlations were all significant at the 0.01 level. The overall measure of affective commitment had a Cronbach’s alpha of 0.821.

No significant differences were found between males and females. We also ran a one-way analysis of variance in order to discard significant differences among generations or countries—Mexico and Spain—. Social attributes such as NGM age, gender, marital status, number of children, generation (counted from the founder to the NGM) were considered social structural features that influence affective commitment. Previous use of this conceptualization has been found in Stryker and Serpe’s (1982) paper.

6) Strength of Family Ties and Traditions (Q8, Q10, Q11, Q12)

The Strength of Family Ties and Tradition (unobserved variable) was also measured with four indicators (four items) in the questionnaires (Q8, Q10, Q11 & Q12). Responses were scored on a seven-point scale from 1 (completely agree) to 7 (completely disagree). Items asking for trust in family members (Q8) and knowledge about them (as individuals e.g. interests, possible coalitions, etc.) as well as for familiarity with the family business (e.g. decision making) (Q11) were intended to operationalize the strength of family ties. The remaining two items about knowledge of traditions (Q10) and intended desires for continuity of the family firm (Q12) were planned to be indicators of the strength of family traditions. The overall measure of strength of family ties and traditions had a Cronbach’s alpha of 0.7.

Within the family business literature, there’s a similar concept called family cohesion (Olson, 1979). This construct is the degree of union among the family members and the family group. Nonetheless, it doesn’t take into account traditions as an important behavioral aspect. Consequently, although we have used some of Olson and colleagues’ indicators for family cohesion in order to develop items Q8 and Q11, items regarding tradition and behavior of NGMs—Q10 and Q12—do not derive from their investigation. Tau-b correlation between these items (Q10 & Q12) was significant at the 0.01 level, thus supporting our combination of items. We also found tau-b correlations
among all four items to be significant (p<0.01 level), legitimizing the aggregation of scores of both ties and traditions.

Significant differences (p=0.014) were found between males and females (Table 7), especially in Q12 (tradition and intended behavior), showing that males are more positively oriented towards wanting their children and future generations to enter their family firm, whereas women are more inclined to let their offspring pursue careers outside the business.

Generational differences were also noticeable (Table 7) when performing the one-way analysis of variance basically in Q11 (p=0.004), which accounted for the knowledge about the business and the family that the NGMs had. The analysis exhibits that 3rd generation members are inclined to feel that they know less about the business and the family than 2nd generation and 4th generation members. The latter may be due to 1) the professionalization of the family business management; 2) the detachment of latter generations from the family firm—NGMs tend to be less involved in the business; they are stakeholders, but they may not participate actively--.

Country differences—Mexico vs. Spain—were also detected (Q8, Q10 and Q11) –see table 8-- Significant differences imply that Mexican NGMs are notably more likely to trust each and every single member of their families than Spaniards. On the other hand, they also indicate that Mexican NGMs are significantly more predisposed than Spaniards to behave in the family firm according to family traditions. The latter may be due to differences in cultural patterns regarding the concept of “family” and in its importance as a building block of society.

Table 6 Differences between Mexico and Spain— Q8, Q10, Q11, Q12

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Q8 ***</th>
<th>Q10 **</th>
<th>Q11 *</th>
<th>Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Dev.</td>
<td>Mean</td>
<td>Std. Dev.</td>
<td>Mean</td>
</tr>
<tr>
<td>Mexico</td>
<td>126</td>
<td>1.83</td>
<td>1.457</td>
<td>3.63</td>
<td>2.023</td>
</tr>
<tr>
<td>Spain</td>
<td>31</td>
<td>3.13</td>
<td>2.187</td>
<td>4.71</td>
<td>2.179</td>
</tr>
</tbody>
</table>

*p<0.05; **p<0.01; ***p<0.001

7) Covariates

In order to control for differences among subjects, we included in the model variables such as gender, marital status, number of children, generation, and age range.
Dummy-coded variables were created to represent each covariate. Codes are as follows: Gender, 0= Men and 1=Women; Marital Status, 0= Widow, 1= Single, 2= Married, 3=Divorced, 4= Living together; Number of Children, 0= No children, 1= One to two children, 2= Three children or more; Generation, 0=Second Generation, 1= Third Generation, 2= Fourth Generation. Finally, age range code goes like this: 0= 20 to 30 year-old, 1= 31 to 40 year-old, 2= 41 to 50 year-old, 3= 51 to 60 year-old and 4= 61 year old and above.

ANALYSES AND RESULTS

We used structural equation modeling (SEM) to test our model’s hypotheses because SEM allows estimation of multiple associations, letting us incorporate simultaneously observed and latent constructs in these associations. Moreover, SEM accounts for the biasing effects of random measurement error in the latent constructs (Shook, Ketchen, Hult & Kacmar, 2004).

Figure 1 (p. 7) presents the combined theoretical model used to examine the relationship of NGMs’ conscious and unconscious desires to join the family firm, their choice and behavior, as well as the effect of interactional and affective commitment over those invocations. The model implicitly contains the hypotheses underlying this research.

Sequence of Nested Structural Models Results

We used Anderson and Gerbing’s (1988) approach that involves contrasting between sequences of nested structural models in order to yield information concerning a better fitting structural model that more precisely accounts for the observed covariances among the latent constructs. To analyze our individual hypotheses, we tested three structural models using Amos 6.0 (Arbuckle, 2005). In evaluating these models, we followed the suggestion of Jöreskog (1993) and Bollen (1989) to assess 1) model fit using various fit indices, and 2) significance of the standardized path estimates as a test of the model’s hypotheses.

Model 1 (shown below) specifies the influence of several demographic covariates (gender, marital status, number of children, generation, age) on affective commitment. In addition, it indicates the effect of the latent variable “strength of family ties and traditions” on both kinds of commitment (affective and interactional), assessing
in turn their impact on the NGMs’ unconscious desire to join the family firm and impacting herein choice and the actual behavior of the NGM.

In order to assess if the NGMs’ unconscious desire to join the family firm impacts not only choice, but indirectly actual behavior, we developed the following contingency table and run a chi-square test to see whether there was a relationship or not among these two proportions (Choice and Active). We found out a significant connection between those NGMs who choose to work in the business (Choice) and those that finish up working in it (Active) –thus, actual behavior depends on choice--.

Table 7 Contingency table and Pearson Chi-Square test

<table>
<thead>
<tr>
<th></th>
<th>Active</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>35</td>
<td>76</td>
</tr>
<tr>
<td>1</td>
<td>8</td>
<td>84</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>160</td>
</tr>
</tbody>
</table>

Chi-Square Test

<table>
<thead>
<tr>
<th>Pearson Chi-Square</th>
<th>Value</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.71281</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Ho= No relationship between rows and columns
Ha= There is a relationship.

Figure 2 MODEL 1 – NGM Unconscious Desire to Join the Family Firm

Standardized structural model using only NGM Salience (identity theory).
† p<0.10;  * p<0.05 ;  ** p<0.01;  *** p<0.001

$\chi^2 (N=203, df =165) = 603.392; \chi^2/DF= 3.657; \text{RMSEA}=0.11$
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Model 1 \( [\chi^2 (N=203, \text{DF}=165) = 603.392; \chi^2 /\text{DF}= 3.657; \text{RMSEA}=0.11] \) showed that demographic covariates such as ‘gender’, ‘marital status’, ‘number of children’, and ‘generation’ do not impact affective commitment significantly. On the other hand, ‘age’ (-0.405***) is significantly and negatively related to affective commitment. These findings may show that when considering the whole NGMs sample in Model 1—which only accounts for the impact of NGMs’ unconscious desire to join the family firm on intended choice and this in turn on actual behavior—those NGMs who are younger, especially in a range of age between 20 and 40 (as table 9 shows) exhibit a greater affective commitment towards the NGM identity—impacting choice, being therefore more prone to be active in the family business.

Table 7 Differences among NGMs between 20-40 years old (range 0 and 1) and 41 or above (2,3, and 4)

<table>
<thead>
<tr>
<th>Affective Commitment</th>
<th>age range</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;= 2</td>
<td>25</td>
<td>5.88</td>
<td>2.96254</td>
<td></td>
</tr>
<tr>
<td>&lt; 2</td>
<td>178</td>
<td>8.3315</td>
<td>3.25163</td>
<td></td>
</tr>
</tbody>
</table>

Independent Samples Test -- Differences among groups were found

<table>
<thead>
<tr>
<th>Affective Commitment</th>
<th>Levene’s Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Commitment</td>
<td>Equal variances assumed</td>
<td>2.595</td>
</tr>
</tbody>
</table>

Model 1 also displays how ‘strength of family ties and traditions’ is positively and directly associated with affective commitment (0.444***). On the other hand, ‘strength of family ties and traditions’ is positively and indirectly related to interactional commitment (via affective commitment) (0.717***). Regarding NGMs’ unconscious desire to join the family business, Model 1 shows that affective commitment has no direct influence over salience (unconscious desire), whereas interactional commitment (-0.806**) is significantly and negatively related to it (and as a consequence to NGM unconscious identity invocation).

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1Following Jaccard and Wan’s (1996) recommendation, we used three fit tests: model chi-square fit index (discrepancy function), the normal chi-square \( \chi^2 /\text{DF} \), and RMSEA. Model chi-square represents the amount of the relationship between the variables that remains unexplained by a model; the larger the value, the poorer the model fits the data. The normal chi-square \( \chi^2 /\text{DF} \) ratio is also used as a measure of fit. Some researchers have recommended using ratios of five (5) or less to indicate reasonable fit (Marsh & Hocevar, 1985; Wheaton et. al. 1977). RMSEA penalizes lack of parsimony (model complexity) and measures the discrepancy per degree of freedom.
Finally, Model 1 specifies the effects of NGMs’ unconscious desire to join the firm on choice (intended behavior), showing a positive and considerably significant association (0.827***) between these two variables. Conversely, the impact of NGMs’ choice on their actual behavior is also significant at the p<0.001 level.

Model 2 \(\chi^2 (N=203, \text{ DF}=147) = 598.491; \chi^2 /\text{DF}= 4.071; \text{RMSEA}=0.12\] (shown below) specifies the influence of several demographic covariates (gender, marital status, number of children, generation, age) on affective commitment. In addition, it indicates the impact of the latent variable ‘strength of family ties and traditions’ on both kinds of commitment (affective and interactional), assessing in turn their impact on the NGMs’ conscious desire to enter the family firm and impacting herein choice and the actual behavior of the NGM.

**Figure 3** MODEL 2 – NGM Conscious Desire to Join the Family Firm

Standardized structural model using only NGM Salience (identity theory).

† p<0.10;  * p<0.05 ;  ** p<0.01;  *** p<0.001

\(\chi^2 (N=203, \text{ df}=147) = 598.491; \chi^2 /\text{DF}= 4.071; \text{RMSEA}=0.12\]

As Model 1, Model 2 showed that from the demographic covariates only ‘age’ (-0.396***), is significantly associated with affective commitment. These findings imply that when considering the whole NGMs sample under Model 2—which accounts for the impact of NGMs’ conscious desire to join the family firm on their choice and
actual behavior—those NGMs who are younger are also the ones who exhibit the highest conscious affective commitment towards the NGM identity, therefore affecting the choice variable positively (entering the family firm).

Model 2 (like model 1) also displays how ‘strength of family ties and traditions’ is positively and significantly associated with affective commitment (0.426***), whereas it is indirectly connected to interactional commitment (0.655***)—via affective commitment—.

Regarding NGMs’ conscious desire to join the firm (centrality), Model 2 shows that interactional commitment (-0.263†) impacts psychological centrality negatively and significantly at the p<0.10 level. Nuttbrock and Freudiger (1991) when analyzing (path analysis) identity salience and the motherhood identity role retained those paths significant at the 0.10 level in their final model. Their argument was that “this level of significance allows inclusion of several paths that are theoretically compelling” (p. 151). Using their same argument, we will maintain the ‘interactional commitment’Æ ‘conscious desire (psychological centrality)’ path.

Finally, Model 2 specifies the effects of this NGMs’ conscious desire to join the firm on choice (intended behavior), showing a positive and considerably significant association (0.366***) between these two variables.

In addition, results suggests that NGMs’ conscious desire to join the firm directly impacts NGMs’ actual behavior (0.176*)—being active or not in the family business. It’s important to highlight the fact that we have directly associated NGMs’ conscious desire to join the firm and actual behavior because the first construct implies self-awareness. Consequently, we suggest that being a conscious assessment, it not only has a direct effect on NGMs’ choice, but also on real behavior. The effect of choice (NGM identity activation) on actual behavior is also significant at the p<0.001 level as the chi-square test run showed.

Model 3 [χ² (N=203, DF =182) = 695.507; χ²/DF = 3.821; RMSEA=0.10] (shown below—our hypotheses derive from it) specifies the influence of demographic covariates on affective commitment. It also indicates the effect of the latent variable ‘strength of family ties and traditions’ on both kinds of commitment, assessing in turn their impact on NGMs’ conscious and unconscious desires to join/collaborate into the family business.
Figure 4  MODEL 3 – Combined Model

Like Model 1 and Model 2, Model 3 shows that the demographic covariate ‘age’ (-0.405*** is significantly and negatively associated with affective commitment. These findings suggest that when considering the whole NGMs sample under Model 3—which accounts for the impact of both NGMs’ conscious and unconscious desires to join the family firm on choice (NGMs’ identity activation) and this in turn on actual behavior—those NGMs who are younger are the ones who exhibit the highest affective commitment towards the NGM identity. In fact, an interesting finding is that NGMs’ who are 21 years-old exhibit the highest affective commitment towards their NGM identity; however, as time passes by and NGMs become older, commitment tends to decrease (at a variable rate).

Model 3 also displays how ‘strength of family ties and traditions’ is positively and significantly associated with affective commitment (0.418***), as well as indirectly connected with interactional commitment (0.935***) –affective commitment; acts as a mediator variable between these two constructs--.

Affective commitment is positively and significantly at the p<0.10 level (2.67†) related to the NGMs’ unconscious desire to join the family firm. Using again Nuttbrock
and Freudiger (1991) argument, we will maintain the ‘affective commitment’ and ‘unconscious desire (salience)’ path for further research.

Moreover, affective commitment is also positively and significantly at the p<0.05 level linked to the NGM conscious desire to join the family firm (psychological centrality). Therefore, model 3 shows that affective commitment impacts positively both the NGM unconscious and conscious desires (salience and centrality). On the other hand, it also puts forward the fact that interactional commitment affects too both, the unconscious desire construct (-3.319*) as well as the conscious desire concept (-1.676*), but negatively.

Finally, Model 3 specifies the effects of the NGMs’ conscious desire to join the firm and his/her unconscious desire on choice (NGM identity activation). As seen, the unconscious desire affects positively and significantly choice (1.602*) whereas the conscious desire has a negative impact on NGMs’ decision with a significance of p<0.10 level (-1.041†). We maintain this last path for further research since it provides support for a theoretically compelling argument to be explored (Nuttbrock and Freudiger, 1991) within the sociological and psychological domains: Stets and Burke (2000) claim that identity and social identity theories should be merged.

Conversely, it’s important to note that only the conscious desire affects the NGM actual behavior directly and positively (0.176*). That means that the conscious desire (psychological centrality) has a direct effect over the NGM action of joining the firm or not, while the unconscious desire (NGM’s salience) only does it using as a mediator the variable ‘choice’ (or in other words, the NGM decision). The latter is supported by running a chi-square test, obtaining as a result that ‘choice’ also influences significantly behavior (Active).

Model 3 was slightly superior to the more constrained models 1 and 2. Using a $\chi^2$ difference test, and assessing the null hypothesis (Ho)=No significant differences among the models, we found out that the $\chi^2$ differences (1) of $\Delta \chi^2 = 46.447***, \Delta df = 16$ and (2) $\Delta \chi^2 = 51.348*; \Delta df = 34$ between the models and model 3 were indeed significant, rejecting Ho. This suggests that over and above the hypothesized combination of conscious and unconscious desires to join the family firm in order to understand NGMs’ choice and actual behavior, there is a real improvement in the
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generalized and disconnected conscious and unconscious models (when applied to NGMs in the context of family firms). Below, we can find the comparison of models.

<table>
<thead>
<tr>
<th>GENERAL SAMPLE</th>
<th>NGMs' UNCONSCIOUS DESIRE MODEL</th>
<th>NGMs' CONSCIOUS DESIRE MODEL</th>
<th>COMBINED MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=203</td>
<td>Affective Com</td>
<td>Interactional Com</td>
<td>Unconscious</td>
</tr>
<tr>
<td><strong>UNCONSCIOUS DESIRE</strong></td>
<td>0.075</td>
<td>(-0.806**)</td>
<td>XX</td>
</tr>
<tr>
<td><strong>CONSCIOUS DESIRE</strong></td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
<tr>
<td><strong>CHOICE</strong></td>
<td>XX</td>
<td>XX</td>
<td>0.827***</td>
</tr>
<tr>
<td><strong>STRENGTH FAMILY T/T</strong></td>
<td>0.444***</td>
<td>(-0.202)</td>
<td>XX</td>
</tr>
<tr>
<td><strong>AFFECTIVE COMMITMENT</strong></td>
<td>XX</td>
<td>0.717***</td>
<td>0.075</td>
</tr>
<tr>
<td><strong>ACTIVE BEHAVIOR</strong></td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
</tr>
</tbody>
</table>

Significance level
- Chi-Square
- DF
- X²/DF
- RMSEA
- 1 p<0.10
- * p<0.05
- ** p<0.01
- *** p<0.001

Source: Rosa Nelly Trevinyo-Rodríguez (2007)

**DISCUSSION**

We started this paper hoping to explain some of the elements pertaining to the personal factors-psychosocial needs that drive NGMs to decide to join or not the family business. In order to assess so, we set some questions to answer. How does the conscious desire and unconscious desire to join the family firm impact the NGMs’ decision to join or not the family business? And, are those specific NGMs’ desires, related to commitment to the NGM identity and/or to the family ties and traditions?

On the basis of the conceptual and empirical analyses presented here (under the limitations of sample size, differences found between males and females, and noise introduced by cultural dissonance), we can begin to answer these questions.

First, on the topic of question 1, our findings suggest that when measured together (combined model), the NGMs’ unconscious desire to join the firm affects positively and significantly NGMs’ choice, while the conscious desire to enter the firm impacts it negatively. The latter could be explained by the emotional costs and possible conflicts that are attached to the decision of joining or not the family firm. Thus, while on the one hand, the NGM unconsciously feels a responsibility towards the business and
may even align its career needs and NGM identity with it; on the other, consciously s/he
knows that the costs of joining the family firm are high, that working with parents and
relatives gets difficult from time to time, that conflict may arise and that lots of energy,
loyalty and dedication are needed to move the company toward its full potential.

The latter suggests that both constructs have a significant and opposite effect on
NGMs’ choice, which in turn influences positively their actual behavior. Accordingly,
hypothesis 8 is statistically supported. Hypothesis 9 is only partially supported, since
there’s a positive relationship of conscious desire with actual behavior but a negative
association of it with choice. However, it's important to note that the unconscious desire
to join the family firm affects the NGM choice (decision to join or not) much more than
the conscious desire. The latter may suggest that at the end, if a NGM is identified with
his/her NGM identity, and feels tied to the family firm, even though at some point in
life s/he doesn’t like to consciously join the firm --in fact they may leave and work
outside, gaining experience and showing themselves they can make it on their own--, after a while (time) they might probably get back.

Interestingly, family ties and traditions impact positively, directly and
significantly affective commitment, which in turn, has a positive effect on interactive
commitment (assuming no family conflicts present). The latter suggests that affective
commitment acts as a mediator between ‘family ties and traditions’ and ‘interactive
commitment’. This could indicate that in the context of family firms, NGMs’ choice
and actual behaviors (e.g. learning, intending to work in the family firm, actually
working in it) are closely linked to affect and family traditions. In the family firm
context, ties, values, beliefs and responsibilities are shared, therefore influencing
NGMs’ mental frameworks, commitment, priorities and even their own personal
identity. Consequently, hypothesis 1 is fully supported statistically, while hypothesis 2,
is partially supported (the latter because even when family ties and traditions are
positively associated with the level of interactional commitment to the NGM identity,
the relationship is indirect--affective commitment acts as a mediator variable).

As for question 2, we found out that affective commitment was positively and
significantly associated with the NGMs’ conscious and unconscious desires to join the
firm (salience and centrality of being a family-business NGM) —supporting hypotheses
3 and 4—. In fact, the latter is in agreement with Stets and Burke (2000) and Stryker
(1980, 1987) idea that stronger ties to others through an identity (affective commitment)
lead to a more prominent identity. In the context of family firms, that is: the stronger ties to others the NGM holds within the family and/or with members of the family firm through the NGM identity, the greater the likelihood that the NGM identity will be activated (i.e. via joining the family firm).

On the other hand, interactive commitment was negatively and significantly \((p<0.05)\) associated too with both constructs (salience and centrality). Hypotheses 5 and 6 stated that interactive commitment was positively associated with the NGMs’ conscious and unconscious desires to join the family-owned enterprise; according to our results, it is not positively but negatively related with both variables. Therefore, hypotheses 5 and 6 are not supported statistically.

The aforementioned results put forward the idea that the higher the strength (or depth) of the ties you hold with your relatives and with other family business members (affective commitment) the more the NGM will consciously and unconsciously like to join the firm. Conversely, it also implies that the more persons you’re tied to with your NGM identity (interactive commitment) the less you will consciously and even more, unconsciously, desire to join the firm. The latter can be due to the fact that if at the end some rivalries or conflicts arise, the NGM identity will be seriously hurt, threatening his/her own self-identity (e.g. self-confidence, self-esteem, self-consistency, etc.).

It is interesting the fact that the effect of both kinds of commitment is always stronger when referring to the unconscious desire to join the firm (salience of the NGM identity). That may imply that the unconscious part of being a NGM (identity salience) weights more than the conscious part. If that is true, then NGMs tend to make decisions based more on their unconscious desires, driven by commitment costs of no longer fulfilling a role such as the NGM one, than on the conscious analysis of the identities played and on the importance each role has for the NGM as an individual.

In sum, we could say that commitment—affective and interactional—can be used to predict NGMs’ desires to enter the firm, being therefore a significant antecedent of both conscious and unconscious invocations.

Regarding the NGM-ET construct, we can say that both conscious and unconscious desires are significantly different (one estimate was negative and the other positive). The latter supports hypothesis 7, since when the NGM-ET estimate increased, NGMs’ choice estimate did also. Therefore, both were positively associated.
It’s interesting to note that the NGM age impacts negatively affective commitment. The latter means that as the NGM gets older his/her affective commitment towards the NGM identity decreases. As it seems, maximum commitment is achieved when the NGM is in his/her early 20s (exactly at 21), decreasing consistently as time passes by. This could be so due to the fact that as the NGM gets older, the decision to join or not the family firm becomes less and less important, and as a consequence, the affective commitment to the NGM identity (behaving as a NGM) becomes less relevant. In fact, it’s noteworthy to mention the fact that the variable “age range” resulted to be a consistent predictor of NGMs’ attitudes over time.

| H1: The strength of family ties and traditions is positively associated with the level of affective commitment to the NGM identity. | STATISTICALLY SUPPORTED |
| H2: The strength of family ties and traditions is positively associated with the level of interactional commitment to the NGM identity. | PARTIALLY SUPPORTED / Indirect association |
| H3: NGMs’ affective commitment to the NGM identity is positively associated with the NGM Unconscious desire to join the Family Firm. | STATISTICALLY SUPPORTED |
| H4: NGMs’ affective commitment to the NGM identity is positively associated with the Conscious desire to join the Family Firm. | STATISTICALLY SUPPORTED |
| H5: NGMs’ interactional commitment to the NGM identity is positively associated with the NGM Unconscious desire to join the Family Firm. | NOT SUPPORTED / Negative association |
| H6: NGMs’ interactional commitment to the NGM identity is positively associated with the Conscious desire to join the Family Firm. | NOT SUPPORTED / Negative association |
| H7: The higher the NGM-ET (conscious + unconscious desire), the more probable the NGM choice of entering the family firm/contributing to it. | STATISTICALLY SUPPORTED |
| H8: NGMs’ unconscious desire to join the family firm is positively associated with NGMs’ choice, which in turn is positively associated with the NGMs’ actual behavior. | STATISTICALLY SUPPORTED |
| H9: The conscious desire to join the family firm of the NGM is positively associated with both the choice and the actual behavior of the NGM (being active in the FB). | PARTIALLY SUPPORTED |

CONCLUDING REMARKS AND FURTHER RESEARCH

Families are the perfect environment within which individuals, especially Next Generation Members (NGMs), begin to make sense of the world. Family members learn from every experience and interaction they have with each other. Culture, expectations, experiences and schemas are internalized since childhood and through adolescence and adulthood. As a matter of fact, a family member makes sense of the real world through the lenses of the family. Values systems, habits, virtues, vices, and attitudes are often transmitted in the family circle, where they are embedded.
There’s no discussion on the fact that family traditions exert a crucial influence over the conduct of family members and in their decision making processes within the family firm. In fact, the crucial role played by the family value systems in the business environment cannot be overestimated. Non-economic goals and values are continuously articulated along with economic objectives, being a force that stimulates decision making in family enterprises.

Indeed, one of these decision making processes deals with the NGM choice to incorporate or not to the family firm. The aim of this paper was to find out some determinants affecting this decision. After this investigation, we could say in general, that those NGMs that choose to join the family business show strong family ties and traditions and higher NGM-ET results. The latter means that they not only tend to be emotionally linked to many persons/family members working in/for the family business, but also, they share with them beliefs, values and mental schemas that make them part of a unique family (tradition). In addition, they consciously and/or unconsciously invoke their NGM identity—they see themselves in the NGM role, with all its implications—.

In addition, throughout our study, we found out that NGMs’ conscious and unconscious desires to join the family business are related to NGMs’ choice (NGM identity activation) and actual behavior, being therefore two non-redundant personal factors-psychosocial elements that explain—as mediating variables—NGM choice (to a greater extent) and deeds (to a minor extent) in the context of family firms.

As we proposed, 1) the strength of family ties and traditions impacted both affective (direct effect) and interactive commitment (indirect effect mediated by affective commitment), and in turn, 2) commitment also influenced the conscious and unconscious desires to enter the business. An explanation could be that the emotional costs of foregoing the NGM identity when strong family ties and traditions are present are so high that NGMs get intensively and affectively committed to their personal and group identities, therefore intending to act and actually behaving in accordance with them.

Our NGM-ET construct (conscious + unconscious invocations of the NGM identity) could serve to predict choice/intended behavior of NGMs. When the addition of the estimates (e.g. Model 3 = 1.602 + (-1.041) = 0.561) of NGMs’ conscious and unconscious desires turn out to be positive, there’s a higher probability of activating the
NGM identity, choosing accordingly and, in turn, activating an aligned actual behavior (joining the family firm). Nonetheless, we have to say that although choice could be fairly predicted by the NGM-ET construct, actual behavior is only weakly supported by it. There are many other socio-economic-political issues that may impact the actual behavior of NGMs besides their personal factors-psychosocial needs. For instance, family constitutions and professionalization rules may impede NGMs from entering the business even if they intend to do so. Moreover, it is important to note that our findings suggest that the unconscious invocation of the NGM identity weights much more than the conscious one, therefore making prediction tricky and not as accurate as expected.

A line of research concerned with how NGMs’ self-esteem affects their intended and actual behavior; and on the other hand, how that behavior influences self-consistency in future behavior, could help us relate the proposed model with its consequences. Thus, assessing what happens after the NGM has decided to enter and starts working in the family business regarding his/her self-consistency and self-esteem is a question that could drive interesting findings.

**Practical Implications in the Family Business Area**

Due to the fact that age resulted to be a consistent predictor of NGMs’ attitudes, scholars and specialized consultants could make use of this knowledge when designing succession programs or NGMs training sessions. Moreover, this finding supports the idea that NGMs’ training must start at early stages in life in order for the NGM to identify with the FB NGM identity. Determining if the NGM identity weighs heavily or not in the NGM self-concept could indicate NGM readiness and willingness to take over the family firm in the future, shedding some light on identifying potential successors.

In addition, assessing the ‘potential’ degree of NGMs’ commitment to the FB NGM identity as well as the strength of family ties and traditions (structure of the family) could give us some clues about the nature of possible conflicts and their foreseeable consequences (e.g. if the family is cohesive and traditions weigh a lot, and the NGM is highly committed (affectively) to the NGM identity, potential conflict among family members could harm him/her emotionally).

Finally, clearly understanding that intended behavior and actual behavior are not the same could help consultants plan for unexpected outcomes: Potential successors also change their mind from time to time.
REFERENCES


Trevinyo-Rodriguez, RN


Trevinyo-Rodriguez, RN


APPENDIX 1 – QUESTIONNAIRE

RESEARCH PROJECT:
NEXT GENERATION COMMITMENT TO THE FAMILY FIRM

Q1 Demographic variables:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td>Married</td>
</tr>
<tr>
<td>Number of Children</td>
<td>________</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>________</td>
<td></td>
</tr>
<tr>
<td>Months/Years active in the family firm</td>
<td>__________</td>
<td></td>
</tr>
<tr>
<td>Still active</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Current position</td>
<td>________</td>
<td></td>
</tr>
<tr>
<td>Industry where your family business is positioned</td>
<td>______________</td>
<td></td>
</tr>
<tr>
<td>Company Name</td>
<td>______________</td>
<td></td>
</tr>
<tr>
<td>Generation (counting from the founder (1) to you)</td>
<td>_____________</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>______________</td>
<td></td>
</tr>
</tbody>
</table>

Instructions: Please select the answer which best reflects your position

1= Completely agree - 7= Completely disagree

Q2 It would take very little change in my present circumstances to cause me to leave the FB.
(Completely Agree) 1 2 3 4 5 6 7 (Completely Disagree)

Q3 There’s not much to be gained by sticking with the FB indefinitely.
(Completely Agree) 1 2 3 4 5 6 7 (Completely Disagree)

Q4 I know what my strengths are, and my work in the family business allows me to take advantage of these strengths.
(Completely Agree) 1 2 3 4 5 6 7 (Completely Disagree)

Q5 I feel very much an important part of the family business.
(Completely Agree) 1 2 3 4 5 6 7 (Completely Disagree)

Q6 There’s a lot of me reflected in the family company.
(Completely Agree) 1 2 3 4 5 6 7 (Completely Disagree)

Instructions: Below are statements and questions dealing with potential situations you may encounter. Please select the answer which best reflects your position regarding the question.

Q7 During a vacation break, while you are visiting your parents, you meet someone new. How important would it be to you that in the course of the conversation you mentioned that you are a family business member?
(Not important at all) 1 2 3 4 (Very important)

Below are a number of social roles that you may now occupy. Please indicate how important you consider each one.

A) Worker (Not important at all) 1 2 3 4 (Very important)
B) Family Business Member (Not important at all) 1 2 3 4 (Very important)
C) Peer / Friend (Not important at all) 1 2 3 4 (Very important)
D) Family Member (Not important at all) 1 2 3 4 (Very important)
E) Professional Association Member (Not important at all) 1 2 3 4 (Very important)
Instructions: Please select the answer which best reflects your position

1 = Completely agree - 7 = Completely disagree

Q8 I trust each and every single member of my family.
(Completely Agree)  1       2      3      4       5       6       7  (Completely Disagree)

Q9 I hear about decisions made in the Family Firm without anyone having ever explained to me why the decisions were made. Sometimes it’s hard to figure out who is really in charge in the FB.
(Completely Agree)  1       2      3      4       5       6       7  (Completely Disagree)

Q10 Our family traditions tend to guide my behavior in the Family Firm.
(Completely Agree)  1       2      3      4       5       6       7  (Completely Disagree)

Q11 I feel have enough knowledge about the business and about my own family.
(Completely Agree)  1       2      3      4       5       6       7  (Completely Disagree)

Q12 I want my kids and their future generations to contribute to the development of the family business; one of my dreams in life is for them to take over and contribute to it.
(Completely Agree)  1       2      3      4       5       6       7  (Completely Disagree)

Q13 My main motivation is not my family business, but rather my profession. I want to be a good accountant, doctor, etc. (PROFESSION).
(Completely Agree)  1       2      3      4       5       6       7  (Completely Disagree)

Instructions: Below are statements and questions dealing with potential situations you may encounter. Please select the answer which best reflects your position regarding the question.

Q14 If someone said to you, "You have no right to call yourself a real family business member" how would you feel?
(Not important at all)   1     2 3       4 (Very important)

In the near future I would most like:

a) To make a major contribution to my family business.
b) To help the family business from an outside role, performing a different non-related activity I really like.

--END OF QUESTIONNAIRE--

THANKS A LOT FOR YOUR TIME AND SUPPORT!
For Aging Next Generation Members Working in the Family Firm, Psychological Ownership Is Not Enough!!

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ABSTRACT

Although several disciplines have said a great deal about how to justify claims of ownership, little work has been accomplished on the psychology of ownership and its relationship with the self, especially in the family business context. In this paper, we examine the relationship between Next Generation Members’ (NGMs) strength of family ties and traditions, psychological ownership and self-esteem.

Our results suggest that although psychological ownership may be considered to be a positive feeling when referring to predicting employees’ work-related attitudes, self-concept and behaviors, when coping with aging NGMs working in the family business, it may not be so. NGMs employed in the family firm tend to be highly attached and tied to the business due to family ties, traditions and psychological ownership; however, as they grow older (age), they want more. Psychological ownership is not enough. Legal ownership is wanted.

The study’s findings show that NGMs’ perceived level of self-esteem is directly and negatively affected by NGMs’ psychological ownership (inverse relationship), and indirectly and negatively influenced by the NGM age (inverse relationships). On the other hand, the positive effect of family ties and traditions on the NGMs’ level of self-esteem is indirect, being mediated through the psychological ownership construct, whereas the legal ownership positive influence is straightforward.

KEYWORDS:
Psychological Ownership, Self-Esteem, Next Generation Members, Family Business.
INTRODUCTION

Next Generation Members (NGMs)\(^8\) determine to a great extent if family businesses make it or not throughout generations (Stavrou, 1998; 1999). Their desire for continuity regarding the family firm, their personal sacrifice and patience grounded on a shared family dream, and their decision to join or not the family business influences the long-term survival of the family-owned enterprise--assuming no conflicts among family members (Ward, 1987, Handler, 1989, 1990, 1992).

When NGMs decide to join the family firm, most of them do so because they feel a sense of ownership and responsibility towards it (Handler, 1989; Stavrou, 1999). They experience what Belk (1988) and Pierce et. al. (2001) call psychological ownership. NGMs think, believe and emotionally are aware of the fact that the family firm constitutes and represents a part of them. Indeed, a piece of that family business is “theirs”; they are psychologically and emotionally tied to it.

Undoubtedly, there’s a complex relationship between individuals and their possessions (Nesselroade, Beggan & Allison, 1999). And, although researchers have recognized that psychological ownership may be an important phenomenon not only in consumer behavior and economic scenarios, but also in organizational settings, the current organizational literature on this topic is underdeveloped (Saks, 1986). The latter, is intensified when we look for the application of this concept in the family business literature where only a few theoretical insights could be gleaned (Koiranen, 2007). If we look further for applications of the term specifically in the way NGMs feel or behave after joining the family firm, the need for further research on the area seems more than necessary.

The aim of this paper is to see what happens after the NGM has joined the family firm regarding his/her feelings of psychological ownership and how that impacts his/her own self-worth. That is, we want to find out if psychological ownership impacts the NGM self-esteem as time passes by and s/he continues working in the family business, and if so, how? The latter is important because in order to understand NGMs’ attitudes and behaviors while working in the family firm, we need to be aware of their feelings regarding it, as well as of how that affects them personally (self-esteem).

\(^8\) In this paper, the term Next Generation Member refers to the direct (i.e. son, daughter) and/or indirect (i.e. niece, nephew) descendants of the founder/generation-in-charge who are active or inactive within the family business, and who are possible candidates to take charge/control of the firm in the future.
This paper is organized as follows. We start with a brief summary of how ownership and feelings of possession relate to the self. Then, we discuss, in the context of family firms, the relationship between the NGMs’ family ties and traditions, their feelings of psychological ownership and their own concept of worth (self-esteem), and develop our hypotheses. We test our predictions with a field sample using a structural equation model, discuss our findings and conclude by stating practical implications of our work.

OWNERSHIP, FEELINGS OF POSSESSION, AND THE SELF

Ownership results from the presence of an association between a person and an object (Heider, 1958; Rudmin, 1991; Beggan & Brown, 1993). It deals with the way people understand and relate to the objects in their lives. People identify themselves and others in terms of the broad classes of objects associated with them (Dittmar, 1992). This identification creates attitudes, intentions and behaviors that define the way people see themselves (self).

Ownership has been studied extensively in disciplines such as law and philosophy. However, it has not been until recent years that ownership, as a psychological phenomenon, has been recognized as an important concept. The latter, due to the complex relationship marketing researchers and economists detected when analyzing consumer behavior. Since we regard our possessions as part of ourselves (Belk, 1988), they are intrinsically related to our self-identity and to our intended and actual behavior.

Prelinger’s (1959) work on the self and non-self, Heider’s (1958) research on the development of attitudes of ownership towards objects within the self region, and other’s researchers work such as Csikszentmihalyi and Rochberg-Halton (1981) on the “psychology of mine” and the meaning attached to objects provide some helpful approaches regarding the psychology of possession (feelings/sense of ownership). They put forward the idea that feelings of ownership toward various objects have potentially psychological and behavioral effects. According to Formanek (1991) and James (1890) the growth of possessions produces a positive and uplifting effect, impacting the individual self sense of worth and enhancement.
Feelings of possession, as well as possessions themselves, serve as a symbolic expression of the self since they are closely connected with self-identity and individuality (Dittmar, 1992; Mead, 1934; Pierce, Kostova & Dirks, 2001). It is through our interaction with what we regard or feel as our possessions and with significant others’ perspectives of us based on those possessions, that our sense of identity and self-definition is established and preserved. Possessive feelings come to play a dominant role in the owner’s identity (Dittmar, 1992) because they encompass those objects and behaviors contributing to personal identity; that is, those that have a personal meaning and value to us, served us to achieve personal goals and expression, or to which we have attached affect.

Whenever one has feelings of possession towards a target, three fundamental outcomes are seen: 1) a positive attitude toward that object, 2) enhanced self-concept (i.e. self-esteem), 3) a sense of responsibility toward that object (Furby, 1978, 1991). In family firms, we suggest that this sense of possession is key when referring to NGMs, since it will determine (along with other factors) not only the attractiveness they feel towards the family business once they are working in it, (e.g. staying or leaving it) but also, and more importantly, the development of their own self-concept (i.e. self-esteem) throughout time.

**Family Ties and Tradition**

Family enterprises have long been characterized as having strong and persistent cultures, deeply rooted traditions and an overriding desire for continuity. A long-term perspective comes from building the firm for future generations, imprinting in it the family traditions and identity. As such, the family business could be considered a symbolic object for the family and for the NGMs, acquiring a definitional attribute of the family’s identity as such. The degree of internalization of an owned business is especially intense for family members due to its attached meanings. The family enterprise represents not only a self-sufficiency means of living, but also the linkage to prior and future generations. Indeed, Davis (1982) suggested that family businesses tend to have a relatively high degree of commitment to achievement and perseverance, which comes from individual pride, family pride and family tradition.

As such, family members, especially NGMs, develop possessive feelings regarding their business, which in turn influence their attitudes, motivations and
behavior. Possessive feelings can occur based on legal ownership or in its absence; however, being or not based on legal terms, feelings of ownership trigger a sense of responsibility for the entity or target they are directed to (Beaglehole, 1932). The latter suggests then that NGMs who feel the family business as part of “theirs”, develop too a sense of responsibility towards it, causing them to defend and protect their ownership rights.

When family businesses function well (no conflict between or among family members), they function based on their founding values and on strong family ties (unity and trust). Founding traditions/values are embedded in processes, way of doing things, even in family reactions and decisions. Unity and trust on the other hand, provide the field for these traditions to be transferred from generation to generation, setting the stage for the continuity of the family firm. Indeed, Gómez-Mejía, Nunez-Nickel and Gutiérrez (2001) found out that the role of family ties is important when deciding to continue in the family firm. “…[F]amily values and traditions…have the greatest impact on young adults when they make their initial vocational choices” (Stavrou, 1998, p. 138; in line with Handler, 1989). The complexity of family values, traditions, and ties (relationships) can influence NGMs’ career choices, being therefore antecedents of their decision-making regarding joining the family firm or not, and/or influencing their choice of staying or not working in it.

In a way, these family ties and traditions foster the ownership feeling NGMs develop as they grow up, since they provide beliefs and emotional experiences that shape the NGM identity and trigger affective-driven behaviors. Members of the family firm feel an obligation and responsibility to transmit the foundational values and spirit behind the family business; the latter is enhanced by the fact that family members’ personal reputations are tied to the firm and vice versa. As Pierce, Kostova and Dirks (2001) described, psychological ownership has both, affective and cognitive elements. Thus, family ties and traditions foster this sense of psychological ownership among NGMs, emotionally attaching the NGM to the family firm and transcending the mere cognitive evaluation of it. Accordingly, we propose that:

*Hypothesis 1: The strength of family ties and traditions is positively related to the NGM’s level of perceived psychological ownership.*
Psychological Ownership and Self-Esteem

When individuals have possession feelings, they proactively enhance, control and protect their targets of ownership (Dyne & Pierce, 2004). Psychological ownership provides existential significance (Wilpert, 1991) that triggers active participation. In the case of NGMs, devotion to create or grow the family business, as well as their desire to transfer the family shared dream to future generations, may provide a sense of purpose in life and self-worth (i.e. self-esteem).

The core of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object (Pierce, Kostova & Dirks, 2001). The target becomes an extension of the self, being in turn part of the individual identity. In the realm of family firms, Koiranen (2007) has defined psychological ownership (based on Belk’s (1988) and on Pierce’s et. al. (2001) works) as: “the psychological experienced phenomenon in which owners, managers and employees (whether belonging to the controlling family/-ies or not) develop possessive feelings that this family firm is ‘mine’ or ‘ours’. Its roots are in the human needs for self-efficacy, self-identity, and place. Its routes are in the possibility to control the target, intimate knowledge of the target, and investing one’s self into the target”. (Koiranen, 2007, p. 8). Thus, in the case of NGMs, the family business becomes an extension of their own self, impacting their self identity, and in turn enhancing or threatening their feelings of self-esteem (among other dimensions of the self-concept), as well as their human needs (i.e. psychosocial needs).

The connection between feelings of ownership and self-esteem, which is one of the dimensions of the self-concept, can be derived from the literature on the origins of self-esteem. Coopersmith (1967) and Korman (1970) stated that messages sent to individuals by significant others (e.g. the family) and the systems (e.g. family business) to which they are exposed affect individuals’ motivations, attitudes and behaviors. Moreover, in the family business area, Goldberg and Wooldridge (1993) have found out that NGMs’ self-confidence is associated with effective management and ownership succession, although they don’t relate self-confidence with self-esteem—nonetheless, the psychology literature connects both terms.

Self-esteem—the wish to think well of oneself—is one of the main motives that guide human behavior. It refers to the evaluation of one’s own characteristics and attributes, being a motivational and consistency force. An extensive amount of
theoretical and empirical research focused on self-esteem has been done generally indicating that people tend to protect their self-esteem and general self-concept.

NGMs who are really committed to the family business due to strong family ties and traditions, will intend to protect their self-esteem and general self-concept by acting accordingly to their NGM identity (Trevinyo-Rodriguez, 2007) –working in the family firm--. That commitment and involvement in the family business will not only raise, but also intensify their psychological ownership feelings, reinforcing their sense of worth. In fact, few external objects are experienced so central to the self as those representing the outcomes of our efforts (work). “The artist’s painting, the author’s book, the furniture maker’s chair, the shop-owners store are felt to be a part of their selves”, (Rosenberg, 1979, p. 36; Belk, 1988), influencing identity definition and identity enactment.

People who depress or commit suicide when their businesses go bankrupt don’t simply do so because of the material or economic loss they suffer, but because of the diminished self they get after the loss. Hence, NGMs identity is threatened to the extent that a piece of information or behavior from significant others’ (i.e. family) undermines feelings of self-esteem, efficacy, continuity, distinctiveness, belonging or meaning (Vignoles et. al., 2006).

The self does not have fixed or rigid boundaries, it can take into itself objects and individuals as well as it can detach off elements or persons. The self may shrink and stretch (James, 1890). In fact, what happens to the ownership-self relationship can be quite explained by the term introjection. Introjection means according to the Webster “the adoption of externals (persons and objects) into the self, so as to have a sense of oneness with them and to feel personally affected by what happens to them” (Rosenberg, 1979, p. 36). When an external object is introjected, the object and the self are experienced as intertwined entities. The success of these externals impact self-esteem positively, while its failure diminishes it. The degree/intensity to which we consider the object a personal matter would define the boundary of the self (shrinkage or stretching). Therefore, we suggest that:

**Hypothesis 2A: As time passes by, the sense of self-worth (self-esteem) of NGMs working in the family firm, is positively influenced by the NGMs' feelings of psychological ownership.**
However, psychological ownership is different from legal ownership. Legal ownership is recognized by the society, and the rights and obligations that come with ownership are created and sustained by the legal system. Psychological ownership is solely recognized by the person who developed possessive feelings towards the target. And, although this conceptualization may work well for promoting positive employee attitudes and behaviors toward an organization (which may well be a family firm), the latter may not be true in the context of family firms when dealing with NGMs, who are part of the owning family.

Research on the relationship between psychological ownership and employees’ work attitudes, self-concept (e.g. organizational-based self-esteem) and work behaviors (Dyne & Pierce, 2004), psychological ownership and employees’ commitment (VandeWalle et. al., 1995), psychological ownership and employees’ satisfaction, involvement and work related behaviors (Pendleton et.al., 1998) have shown positive links between these relationships. However, we suggest that when dealing with NGMs, psychological ownership is not enough, especially when the NGM has already worked for the family firm during a number of years and has shown that s/he has the skills and inner drive to manage responsibilities and promote the growth of the family-owned enterprise.

It’s pretty well known that succession is a difficult stage in all family firms, mainly if the generation in charge doesn’t want to let go. Many writers (Churchill & Lewis, 1983; Dyer, 1986; Kets de Vries, 1985) have concluded that it is in the nature of the founders or generation-in-charge to have difficulty when giving up what they have created and/or run. Hence, they are capable of acting out this difficulty in a variety of nonproductive ways (Brockhaus, 2004). In fact, many companies seem to suffer from “corporeuthanasia” –the process of willfully killing a business that has been built up carefully simply by failing to provide for continuity (L. Danco, 1982, p. 110).

Moreover, if we consider that less than 50% of family business owners make plans to guide the transmission of their firms (Harveston, Davis, & Lyden, 1997), withdrawal from the business or partial give up of stock, could bring new challenges for family business owners. In addition, according to Handler (1990), the successor will never entirely take over the role of manager, that is, with the authority, leadership and ownership transfers, until the predecessor is capable of assuming it (Davis & Harveston, 1993).
However, we have to be aware that for NGMs who really care about the family firm and who have invested years of their lives in trying to make it better, real control of the target/family firm, and the right to make themselves heard at the board or while making important decisions, is needed. Handler (1992, 1994) estates that the more the NGM has the potential or ability to exercise personal influence in the family business the more likely that individual will have a positive succession experience, being therefore, more committed and attached (tied) to the enterprise. If not, frustration on the part of the NGM may appear, affecting not only his/her behavior but also his/her self-concept (i.e. self-esteem). For that reason, we hypothesize that:

Hypothesis 3: The number of shares a NGM working in the family firm holds within the family business (legal ownership) positively influences his/her sense of self-worth (i.e. self-esteem), as well as his/her experienced feelings of psychological ownership.

Is precisely in the cases where legal ownership is not considered as time goes by, that psychological ownership may affect negatively the NGM-working-in-the-family-firm self-concept (e.g. self-esteem). Indeed, research suggest that the generation-in-charge reluctance to let go may discourage the NGM to stay in the business and/or take over the leadership role (Stavrou, 1999; Lansberg, 1991; Handler, 1989). So although we can deduce that there are behavioral implications of psychological ownership —being them related to feelings, behaviors, beliefs and attachment to the target of ownership—, only when there’s a sense of real, legal ownership, NGMs could experience the meaning of shared responsibility and common interest regarding the family business. The latter, since their well-being is directly affected by management decisions, capital investments, prices, etc., making them feel useful (increasing their self-esteem) when dealing with the enterprise future and control. Hence, along these lines, I pose the following hypothesis that competes with Hypothesis 2A:

Hypothesis 2B: As time passes by, the sense of self-worth (self-esteem) of NGMs working in the family firm, is negatively influenced by the NGMs’ feelings of psychological ownership.
DATA AND METHODS

Sample

Data for this study derive from questionnaires (Appendix 1) sent by e-mail to 300 Mexican NGMs already working in their family firms. This research project was run from April 2006 to January 2007. Within this 10 month period, we received 200 questionnaires. After excluding incomplete surveys, we got 160 usable responses –or 53% of the original sampling frame of 300--.

Respondents answered the self-administered questionnaires providing information about their relationship at home with their families, their experience while working in the family business, and their own sense of worth (self-esteem). The survey (Appendix 1) was based on the major routes (paths or mechanisms) through which psychological ownership emerges according to the literature (Wagner et. al., 2003; Pierce, O’Driscoll and Coghlan, 2004; Pierce, Kostova and Dirks, 2003), on indicators dealing with ‘family ties and traditions’ that were analyzed and validated in a previous paper (Trevinyo-Rodriguez, 2007–paper # 2 of this dissertation--), and on the basis of Rosenberg (1979) Self-Esteem Scale (scores).

The family enterprises where the respondents worked operated in several industries, including retail, distribution, construction, accommodation, and manufacturing or processing industries. NGMs participating in the study occupied a variety of jobs (e.g. engineering, technical, sales, marketing, human resources, delivery, innovation, catering, and administrative jobs, export and imports). Of the sample, 96 NGMs (60%) were male and 64 (40%) female. NGMs ranged in age from 20 years to 73 years, with an average age of 31 years. Average job tenure was 8 years and 1 month, ranging from 3 months to 40 years. Some significant differences were found between males and females, basically in the variable strength of family ties and traditions (Q8 in the survey, Appendix 1).
Table 1 Age Range and Job Tenure

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<thead>
<tr>
<th>N=160</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Dev.</th>
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<tr>
<td>Age</td>
<td>20</td>
<td>73</td>
<td>30.29</td>
<td>10.80</td>
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<tr>
<td>Job Tenure (years)</td>
<td>0.25</td>
<td>40</td>
<td>8.10</td>
<td>8.04</td>
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<th>Age Range / Job Tenure</th>
<th>[0.25-5] yrs.</th>
<th>(5-10] yrs.</th>
<th>(10-20] yrs.</th>
<th>&gt; 20 yrs.</th>
<th>Total</th>
</tr>
</thead>
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<td>20 to 30 year-old</td>
<td>79</td>
<td>18</td>
<td>6</td>
<td>0</td>
<td>103</td>
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<tr>
<td>31 to 40 year-old</td>
<td>9</td>
<td>6</td>
<td>13</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>41 to 50 year-old</td>
<td>3</td>
<td>1</td>
<td>10</td>
<td>7</td>
<td>21</td>
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<tr>
<td>51 to 60 year-old</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>61 and above</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>25</td>
<td>32</td>
<td>12</td>
<td>160</td>
</tr>
</tbody>
</table>

Methods and Variables

Operationalization of constructs is described in Figure 1 (next page). Each square with a Q# represents the question from the survey we draw on to develop the measures for the analyzed latent constructs.

Figure 1 Operationalization of Constructs

Abbreviations used in the model:
- J_position = Job position
- Job_T = Job tenure
- MaritalStat = Marital status
- Children = Number of children
- Age_rge = Age range
- Strength T/T = Strength of family ties and traditions
In order to control for differences among subjects, we included in the model variables such as gender, marital status, number of children, generation, job position, job tenure, age range, and possession of legal ownership in the business (%). Dummy-coded variables were created to represent each covariate. Job position was represented using 0= Technical position/Front-line management, 1=Middle management position, 2= Top management position. Job tenure was coded using 0= 0.25 to 5 years, 1= from 5.01 to 10 years, 2= from 10.01 to 20 years, 3= More than 20 years. The age range code goes like this: 0= 20 to 30 year-old, 1= 31 to 40 year-old, 2= 41 to 50 year-old, 3= 51 to 60 year-old and 4= 61 year old and above. Finally, legal ownership (shares) was coded as follows: 0= 0-25%, 1= 26%-50%, 2= 51% and above.

With regard to the variables we used to test our hypotheses, ‘the Strength of Family Ties and Tradition’ (unobserved variable) was measured with four indicators (four items) in the questionnaire. Responses were scored on a seven-point scale from 1 (completely agree) to 7 (completely disagree). Items asking for trust in family members (Q5) and knowledge about them (as individuals e.g. interests, possible coalitions, etc.) as well as for familiarity with the family business (e.g. decision making) (Q7) were intended to operationalize the strength of family ties. The remaining two items about knowledge of traditions (Q6) and intended desires for continuity of the family firm (Q8) were planned to be indicators of the strength of family traditions.

Conversely, we proposed in line with Pierce, Kostova and Dirks (2003) that NGMs’ psychological ownership results from control, intimate association or immersion of the self into the family business. Psychological ownership, defined as a state of mind in which individuals feel (reflecting thoughts, beliefs, awareness, emotions, affective sensations) as though the target of ownership or a piece of it is “theirs” (Pierce et. al. 2001), was thus measured using four questions (Q1, Q2, Q3 & Q4, Appendix 1). Participants rated their agreement with these four statements on a 5-point scale ranging from 1= strongly agree to 5= strongly disagree. Q1 dealt with personal investments to the family business, Q2 with the knowledge the NGM has about the family business and about himself/herself; Q3 and Q4 with NGM identification with the business. Q2, Q3 and Q4 tacitly imply control exerted over the target (family business).

In order to test the aggregations of items we did, we run a confirmatory factor analysis (CFA). Statistics suggested a good fit with our data, $\chi^2$ (N=160, df =19) = 21.19; $\chi^2$/DF= 1.11; CFI = .99; GFI = .96; TLI = .98; AGFI = .93; RMSEA=0.02.
Below, factor loadings and completely standardized maximum likelihood estimates for the two factor model are shown (Table 2).

<table>
<thead>
<tr>
<th>ITEM / FACTOR</th>
<th>F1</th>
<th>F2</th>
<th>F1</th>
<th>F2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.35</td>
<td>-0.04</td>
<td>0.334***</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.68</td>
<td>0.23</td>
<td>0.822***</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.80</td>
<td>0.13</td>
<td>0.768*</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.79</td>
<td>0.04</td>
<td>0.719***</td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>-0.06</td>
<td>0.61</td>
<td>0.481*</td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>0.03</td>
<td>0.42</td>
<td>0.396***</td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>0.25</td>
<td>0.67</td>
<td>0.826***</td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>0.04</td>
<td>0.39</td>
<td>0.345***</td>
<td></td>
</tr>
</tbody>
</table>

* a: Unstandardized loading fixed at 1.0 to set metric of latent variable.
* * p<0.05; ** p<0.01; *** p<0.001

In addition, Figure 2 (factor plot) puts on view the distinctiveness of both factors (F1 and F2), letting us differentiate the ‘psychological ownership’ factor (Q1, Q2, Q3, and Q4 items) from the ‘strength of family ties and traditions’ one (Q5, Q6, Q7, and Q8).

**Figure 2** Factor Plot in Rotated Factor Space
Likewise, we checked for correlations among items (see table 3), further supporting our associations.

### Table 3 Correlation Matrix for Items

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>.279(**)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>.255(**)</td>
<td>.581(**)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>.266(**)</td>
<td>.543(**)</td>
<td>.642(**)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>-.107</td>
<td>.129</td>
<td>.044</td>
<td>-.038</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>.053</td>
<td>.129</td>
<td>.043</td>
<td>.062</td>
<td>.209(**)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>.054</td>
<td>.312(**)</td>
<td>.300(**)</td>
<td>.227(**)</td>
<td>.400(**)</td>
<td>.315(**)</td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>.042</td>
<td>.101</td>
<td>.083</td>
<td>.045</td>
<td>.243(**)</td>
<td>.235(**)</td>
<td>.252(**)</td>
</tr>
</tbody>
</table>

* Significant at the p< 0.05 level
** Significant at the p<0.01 level.

Finally, the following levels of internal consistency, using Cronbach’s alpha, were found: strength of family ties and tradition, 0.70; psychological ownership 0.80, further validating our scales.

**ANALYSIS**

**Strength of Family Ties and Traditions (Q5, Q6, Q7, Q8)**

An ANOVA test showed that the covariate “gender” had a significant effect on the scores assigned to Q8--intended desire for continuity of the family firm. As it seems, men are significantly more inclined to want their children to take over the family business management than women (means 3.07 vs. 3.94).

In addition, significant differences were found in Q5--trust in family members—when analyzing answers considering the covariates marital status, number of children, job position, legal ownership and age range.

When running t-tests for Q5 and Q7, and covariates (marital status, number of children, job position, legal ownership and age range) in order to know “where” the differences lied, we found out that marital status differences were located between “single” and “married”. The t-test showed that single NGMs trusted more their extended family members than married NGMs (means 1.92 vs. 2.97). Moreover, we

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We refer to extended family members when dealing with parents, siblings and in-laws; on the contrary, a nuclear family will be that composed by the NGM, his wife/her husband, and children.
also detected differences between those respondents who had no children, one child or two, and those who had more than two children. As it seems, those who have more than two children, tend to trust less each and every single member of their extended families, whereas those who have no children, one or two offspring, trust them more (means 2.88 vs. 2.13). Likewise, significant differences based on job positions were noticed, especially between those NGMs who worked at the technical and middle management level, and those who pertained to the top management. The t-test revealed that those NGMs who worked in technical and middle management positions trusted significantly more their family members than NGMs at the top management level (means: 2.04 and 2.31 vs. 3.24). Additionally, those who own more shares in the family firm (26% and above) trust less their family group than NGMs who hold a smaller percentage or none of the shares (means: 3.5 vs. 2.26). Finally, t-test also showed differences regarding trusting family members based on the age of the NGM. Those who were in their 20s and 30s, were more inclined to trust their family members (means 1.94 vs. 3.14) than those above those ages (no significant variations were detected between those NGMS in age ranges between 31-40, 41-50, 51-60 and above 61).

On the other hand, when running t-tests for Q7 –familiarity with the family business--, distinctions were found between those that were in an age range between 20 and 50 and those who were older (51 and above). While the first group felt that they had enough knowledge about their business and family, the second (51 years-old and above) was more inclined to disagree with that issue; they felt they had not sufficient knowledge about their business and family. We have to point out a limitation in this remark due to sample size, since out of the 160 respondents, only 8 were 51 years-old or older (see Table 1 Age Range and Job Tenure). However, since group means were considerably far apart (2.42 vs. 4.50), we didn’t want to ignore this fact. Nonetheless, the latter can’t be generalized or accounted for as a completely statistically significant finding.

Moreover, it’s important to mention that when running t-test, a significant difference in Q6 –knowledge of traditions--was detected between subjects whose age range was between 51 and 60 and those who were older--which was not acknowledged with the previous ANOVA test--. Respondents from 51 to 60 years-old believed that their family traditions tended to guide their behavior in the family firm, whereas those
NGMs above 61 years-old disagreed with that fact (means 2.80 vs. 5.67). In this case too, a limitation exists due to sample size of both groups.

The control variable generation had no significant impact on the responses given to the 4 items that make up this latent variable.

Table 4 Significance of ANOVA tests for Q5, Q6, Q7, and Q8

<table>
<thead>
<tr>
<th>SURVEY ITEM</th>
<th>JOB POSITION</th>
<th>GENDER</th>
<th>MARITAL STATUS</th>
<th>No. of CHILDREN</th>
<th>GENERATION</th>
<th>LEGAL OWNERSHIP</th>
<th>AGE RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q5</td>
<td>.010</td>
<td>.261</td>
<td>.008</td>
<td>.002</td>
<td>.080</td>
<td>.050</td>
<td>.000</td>
</tr>
<tr>
<td>Q6</td>
<td>.359</td>
<td>.670</td>
<td>.722</td>
<td>.592</td>
<td>.687</td>
<td>.252</td>
<td>.411</td>
</tr>
<tr>
<td>Q7</td>
<td>.331</td>
<td>.968</td>
<td>.087</td>
<td>.009</td>
<td>.077</td>
<td>.178</td>
<td>.001</td>
</tr>
<tr>
<td>Q8</td>
<td>.333</td>
<td>.009</td>
<td>.440</td>
<td>.169</td>
<td>.621</td>
<td>.938</td>
<td>.680</td>
</tr>
</tbody>
</table>

Psychological Ownership (Q1, Q2, Q3, Q4)

When analyzing the psychological ownership construct, ANOVA tests showed no differences between men and women, and/or between respondents pertaining to different generations. Nonetheless, significant variations were found in Q1, Q2, Q3 and Q3 based on control variables such as marital status, number of children, job position, legal ownership and age range.

Significant differences were detected in Q1—personal investments in the family firm—when running t-tests. The main difference was found among those NGMs who had more than 2 children and those who had none, one or two children. The first ones (>2 children) tended to feel that they had invested a lot of time in their family business, while the ones with no kids, or 1-2 children, disagree on that statement (means 2.94 vs. 3.37). Similarly, differences were found out based on the job position NGMs occupied. Those NGMs in top and middle management levels believed that they deserved to be in charge of the firm because they’ve made personal investments in it; while technical/front line managers disagreed on that statement. Moreover, distinctions were identified between those NGMs who legally owned 26% of their firm or more, and those who owned less or none (shares). While the first ones agreed on the fact that they’ve done huge personal investments in the firm and that they should be in charge, the others tended to strongly disagree on that issue (means: 2.41 vs. 3.33). In addition, significant differences were seen among those who were between 41-50 years old and
51-60 years-old, being the last ones more prone to agree on the fact that they have invested a lot of time in the business and therefore they should be in charge of it.

When testing Q2—knowledge NGMs has about the business and him/herself—we found out significant differences between those NGMs working at the technical/front-line level, and those in middle and top management positions. While the first group thought their work in the family firm didn’t allow them to take advantage of their knowledge and strengths, the second one believed it did.

On the other hand, when running t-tests for Q3—NGM identification with the business—we found out that significant differences existed between those respondents who were single and those who were married. Married NGMs were more identified with the business and felt that they represented an important part of it, whereas single NGMs were not so confident about that (means 1.97 vs. 2.51). Conversely, those NGMs who were in between the 31 to 40 years-old range and those who were in the 41-50 year-old range also differed when evaluating their importance as NGM regarding the family firm. While the younger ones tended to be more skeptical about their role within the family enterprise, the older ones (41-50) agreed much more on the fact that they played an important piece in the family-owned business puzzle.

Additionally, those NGMs who were in between the 20 to 40 years-old range and those who were above 41 years-old also differed when evaluating their reflection/identification in the family firm (Q4). While the older ones tended to think that there was a lot of them reflected in the family firm, the younger ones were almost indifferent toward that argument (means 2.14 vs. 3). Furthermore, it’s noteworthy to say that job position also impacted significantly Q4, since those NGMs working in middle and top management positions, were more identified with the business than those laboring at the technical/front-line level (means: 2.63 vs. 3.10).

Table 5 Significance of ANOVA tests for Q1, Q2, Q3, and Q4

<table>
<thead>
<tr>
<th>SURVEY ITEM</th>
<th>JOB POSITION</th>
<th>GENDER</th>
<th>MARITAL STATUS (single vs. married)</th>
<th>No. of CHILDREN</th>
<th>GENERATION</th>
<th>LEGAL OWNERSHIP</th>
<th>AGE RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>.035</td>
<td>.980</td>
<td>.075</td>
<td>.005</td>
<td>.233</td>
<td>.007</td>
<td>.001</td>
</tr>
<tr>
<td>Q2</td>
<td>.081</td>
<td>.487</td>
<td>.061</td>
<td>.145</td>
<td>.705</td>
<td>.198</td>
<td>.131</td>
</tr>
<tr>
<td>Q3</td>
<td>.265</td>
<td>.694</td>
<td>.010</td>
<td>.124</td>
<td>.663</td>
<td>.087</td>
<td>.050</td>
</tr>
<tr>
<td>Q4</td>
<td>.026</td>
<td>.174</td>
<td>.070</td>
<td>.153</td>
<td>.401</td>
<td>.145</td>
<td>.007</td>
</tr>
</tbody>
</table>
Self-Esteem

Participants completed a version of Rosenberg’s (1965) Self-Esteem Scale, which is a 10-item measure of global self-esteem. Five of the items are positively phrased (e.g., “I take a positive attitude toward myself”) and 5 are negatively phrased (e.g., “I certainly feel useless at times”). Participants responded to each item using this scale SA= strongly agree, A= agree, D= disagree and SD= strongly disagree. Scoring was calculated in the following way: SA=3, A=2, D=1, SD=0 for positively phrased items, whereas for negatively phrased ones the scores were SA=0, A=1, D=2, SD=3. A sum of the 10 items was performed in order to get the self-esteem scores. Higher scores represented higher levels of self-esteem.

Following the classification done by Jusim, Coleman and Nassau (1987), we used a tripartite split to identify high- and low-self esteem individuals. The range of the scores of scores for low-self esteem subjects was 0-10, and the range for high-self esteem was 20-30.

**Table 6 Self-Esteem Ranges Distribution according to NGMs’ Age Ranges.**

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Self-Esteem Range</th>
<th>0-10 LOW</th>
<th>11-20 MEDIUM</th>
<th>20-30 HIGH</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 yrs. old</td>
<td></td>
<td>2</td>
<td>22</td>
<td>79</td>
<td>103</td>
</tr>
<tr>
<td>31-40 yrs. old</td>
<td></td>
<td>0</td>
<td>6</td>
<td>22</td>
<td>28</td>
</tr>
<tr>
<td>41-50 yrs. old</td>
<td></td>
<td>0</td>
<td>5</td>
<td>16</td>
<td>21</td>
</tr>
<tr>
<td>51-60 yrs. old</td>
<td></td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>61 and above</td>
<td></td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3</td>
<td>33</td>
<td>124</td>
<td>160</td>
</tr>
</tbody>
</table>

**FINDINGS**

The model specified delineates the relationships between the unobserved variables, and the observed variables. The structural model shows the causal relationships among NGM’s family ties and traditions, psychological ownership and self-esteem. Figure 1 (p. 12) presents the structural model under analysis.

The measurement model included 8 indicators loading on 2 latent factors where the indicators were constrained to lead on a single factor. Demographic covariates such as job position, job tenure, gender, marital status, number of children, generation and age range were used as control variables. Various indices of model fit supported the
proposed measurement model $\chi^2 (N=160, \text{df} =115) = 558.31, p<0.05; \chi^2 /\text{DF}= 4.85$. These indices of fit for this structural model suggest good fit –considering limited sample size-- and reasonable errors of approximation.

Figure 3 (next page) shows the completely standardized path coefficients of the analyzed model. As seen, the strength of family ties and traditions is positively associated with NGMs’ sense of psychological ownership, therefore supporting hypothesis 1.

On the other hand, we found out that psychological ownership has a negative impact on NGMs’ attitude regarding their self-worth. The latter, considering that the NGMs analyzed are the ones already working in the family firm. In consequence, hypothesis 2B is supported, while hypothesis 2A is not (rejected). An interesting future research could focus in those NGMs not active in the family firm, assessing if the relationship psychological ownership $\rightarrow$ self-esteem is also negative or not.

In addition, we observed that legal ownership (number of shares that the NGM working in the family enterprise holds in the family firm) has a direct and positive effect over the NGM sense of self-worth (level of self-esteem), but not over his/her feelings of psychological ownership (not statistically significant association). The latter implies that hypothesis 3 is only partially supported.

Moreover, when analyzing the demographic covariates, age range impacts negatively the level of NGMs’ sense of psychological ownership. The latter means that as the NGM grows up, his/her sense of psychological ownership towards the business decreases, being therefore necessary to provide him/her with the legal mechanisms that would allow him/her to exert legal ownership in case s/he has demonstrated the needed skills, desire and inner drive to continue the family shared dream. This is supported by the fact that “legal ownership” impacts significantly and positively the NGM level of self esteem.

It’s relevant to point out the fact that when running the structural model, we also considered a possible direct relationship between 1) “strength of family ties and traditions” and NGM “level of self-esteem”, and 2) NGM “age range” and NGM “level of self-esteem”—relationships represented with broken lines in Figure 3 (next page). However, we observed that these relationships were not statistically significant, therefore supporting the role of psychological ownership as a mediator, and of legal ownership as a causal variable. Hence, the strength of family ties and traditions and the
NGM age, do not impact the NGM self-esteem level straightforwardly, but through the NGM’s psychological ownership feelings; whereas NGMs’ legal ownership impacts it directly.

We have not considered direct relationships between 1) “strength of family ties and traditions” and “legal ownership” and 2) “psychological ownership” and “legal ownership” due to the fact that legal ownership is “given”, in a way, by the generation-in-charge; which means that family-business shares are inherited or sold to NGMs by their parents/relatives. Thus, neither NGMs’ sense of “family ties and traditions” nor their “psychological ownership” feelings can influence the actual number of shares of the family firm they own (legal ownership)—in order to hold shares, the generation-in-charge must have had endowed NGMs with them first.

**Figure 3** Test of the Structural Model of NGMs' Family Ties and Traditions, Psychological Ownership and Self-Esteem.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Coefficient</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength of Family Ties and Traditions to Legal Ownership</td>
<td>0.476***</td>
<td></td>
</tr>
<tr>
<td>NGM's Psychological Ownership to Legal Ownership</td>
<td>-0.174*</td>
<td></td>
</tr>
<tr>
<td>NGM Age Range to Legal Ownership</td>
<td>0.179*</td>
<td></td>
</tr>
<tr>
<td>NGM Age Range to NGM's Psychological Ownership</td>
<td>-0.316***</td>
<td></td>
</tr>
<tr>
<td>Strength of Family Ties and Traditions to Level of Self-Esteem</td>
<td>NS</td>
<td></td>
</tr>
<tr>
<td>Legal Ownership to Level of Self-Esteem</td>
<td>NS</td>
<td></td>
</tr>
<tr>
<td>NGM's Psychological Ownership to Level of Self-Esteem</td>
<td>NS</td>
<td></td>
</tr>
</tbody>
</table>

Standardized structural model.
*p<0.05; ** p<0.01; *** p<0.001; NS= Not statistically significant
DISCUSSION

The main objective of this study was to increase our understanding of psychological ownership in the context of family firms by testing predicting relationships between feelings of ownership of NGMs working in the family business and their level of self-esteem (concept of self-worth).

Although the literature has demonstrated that ownership beliefs are positively related to employees’ ownership behaviors and attitudes toward the organization, being positively related to the individual self-concept, our results suggests that the latter does not happen when we deal with aging NGMs, as employees, in family firms.

When analyzing NGMs’ self-esteem, we have seen that although most NGMs tend to have a high self-worth concept, it is precisely during their early stages in life (youth –20s-30s) when their self-concept is shaped. This self-concept (including self-esteem) is molded, changed or reinforced during later stages in life, where personal and professional achievement and perceptions of control foster certain behaviors.

As NGMs grow older, feelings of control and possession are needed in order to develop a strong self-concept (one the aspects of the self-concept is self-esteem). For a NGM working in the family firm, becoming older (with all the responsibilities that implies: marriage, children, less professional opportunities outside the family firm, etc.) is an issue, especially if the generation-in-charge does not want to let go and continues controlling every single aspect of the family firm. Being 55 or 60 years-old, keeping on working under the generation-in-charge command and having no legal ownership rights, may frustrate the NGMs. However, since s/he may not have any other professional options to pursue due to age, s/he may stay in the family firm but his/her level of self-esteem and interest in the business will decrease. In fact, throughout this study we detected that working-in-the-family-firm NGMs have the sense that they impact the family business development and culture at all ages of their lives, although that sense is much more marked during their late 30s and throughout their 40s.

In this research, we found support for the view that the strength of family ties and traditions is positively related to the NGMs’ level of psychological ownership, validating therefore hypothesis 1. The latter, may be due to the affective element derived from the family relationship. In addition, strong support was also obtained for the hypothesis (2B) stating that for aging NGMs working in the family firm, their sense
of self-worth (self-esteem) is negatively related to the NGMs’ feelings of psychological ownership, rejecting therefore hypothesis 2A. We also observed how legal ownership positively impacted the sense of self-esteem of the NGM working in the family firm—although not his/her psychological ownership feelings—, partially supporting hypothesis 3.

In family-owned businesses, ties and traditions act as the backbone of the firm; as specific intangible resources transmitted and carried from generation through generation. In fact, Brunaker (1996), Kets de Vries (1993) and Corbetta and Montemerlo (1999) emphasize the generation-in-charge role in conveying a set of values and traditions to NGMs as a way to facilitate a successful succession process (which includes the transmission of both, legal and psychological ownership).

It’s noteworthy the fact that the strength of family ties and traditions as well as age do not impact directly the NGM level of self-esteem, but through psychological ownership. The latter supports the idea that NGMs’ self-esteem, although related to family ties and traditions and age (covariate), is not directly affected by them, but by the psychological ownership construct (among possible others) that acts as a mediator between both variables. On the other hand, legal ownership directly influences NGMs’ self-esteem, being positively related to it.

Psychological ownership may have positive and negative consequences, especially in NGMs. These consequences are a function of age, among other things. In fact, it would be interesting to study “age” as a moderator variable that impacts the relationship between psychological ownership and self-esteem, since our findings suggest that depending on age ranges this relationship can be either positive or negative. The latter is consistent with our previous experience while participating in other research projects and consulting tasks with NGMs in the Mexican context. Thus, we suggest that further research could be done in this matter (see further research section).

Regarding the positive consequences that psychological ownership has on NGMs, we found out that when the NGM is young and works in the family business, s/he is likely to develop assumptions of responsibility, caring, protection, nurturance, stewardship and even the willingness to make personal sacrifices and assume risks on behalf of the family-owned enterprise. The ANOVA tests and independent samples t-test done to each item of the survey that composed our latent constructs showed that when NGMs were younger and single, they tended to feel more attached to and
identified with the business, behaved according to family traditions, trusted more their family members, thought their knowledge about their business and family was limited, and had the sense that they had not invested a lot in the business, thus not wanting to attain power and/or achieve control at that time.

On the contrary, when NGMs were seniors --most of them were already married and had children--, they believed that they deserved to be in charge due to the personal investments they had done into the business, felt less attached to and identified with the firm, trusted less their extended family members, had more knowledge about the business and were guided much less by family traditions. Psychological ownership alone (without legal rights/ownership) at this stage had a negative side, since it detracted the NGMs’ level of self-esteem.

As seen, “age” resulted to be a consistent predictor of NGMs’ attitudes regarding the family and the business, being possible that it could be acting as a moderator variable instead of only as a covariate. The latter, has important practical implications in real life situations, since this knowledge can be of special help to scholars and consultants who develop succession and training programs. Moreover, it highlights the fact that NGMs’ attitudes, psychological ownership feelings, as well as self-esteem, tend to vary depending on their life cycles; thus, when analyzing NGMs’ career trajectories and behavior, attention should be put on to this matter.

Finally, we want to pinpoint the fact that our results explore a possible answer to Stavrou’s speculation (derived from her 1999 study) on the effects that not fulfilling NGMs’ aspirations to take control of the family firm (obtaining legal ownership) around the age 35 could have both at the individual and business level: NGMs’ lower self-esteem levels (as our results show—Figure 3), and minor concern regarding the family firm future (negative effects of psychological ownership).

Conversely, and in an attempt to make our research more objective, we have to consider other possible answers that could explain the results we got. For instance, it may happen to be the case that our selection of the NGMs sample may have been biased (self-selection). There’s the possibility that the NGMs who stayed (decided to work) in the family firm are the ones less skilled and therefore with less opportunities in the job market (outside the family business); if this is the case, the general tendency towards a decreasing self-esteem as time passes by may be explained just by the non-successful outcomes they obtain while working in their firm (which may be comparable to those
results they may attain somewhere else), and which affect their self concept/self-worth. The latter excludes the psychological ownership argument. On the other hand, it may also be the case that those NGMs who consider the possibility of working for the family firm are precisely the ones who are interested in obtaining legal ownership; that means that they have a tacit or explicit desire to control the firm (power-needs and/or economic necessity). If that’s the scenario, these NGMs may feel frustrated if they don’t get the results they aspire for (expectations), which will consequently affect negatively their self-esteem. In this case, the psychological ownership argument may also be omitted.

We acknowledge the fact that there may be many more options/possibilities of explaining our results; nonetheless, in order to clarify all other options, further research is needed. An idea to continue this line of investigation is to do a comparison between those NGMs working in the family firm and those who are not (longitudinal study), in order to see how their sense of self-worth (self-esteem) relates to their psychological ownership feelings, as well as to the legal ownership construct, as they get older. In this paper, and with the data available, we explored a research stream that is not fully developed.

**CONCLUSIONS AND FURTHER RESEARCH**

We learn, define and remind ourselves of whom we are by our possessions. This identification with our things begins early in life. We express ourselves through objects (possessions) and use them to remind experiences, accomplishments, to create a sense of companionship and camaraderie among our group (family) and even to create a sense of immortality after death (transcendence through our inherited possessions).

In family firms, founders or generations-in-charge tend hold on to their possessions (e.g. ownership rights in the family enterprise), not letting grown-up NGMs to realize their full potential either as managers or owners (assuming leadership roles). As Danco (1982) notes “[f]ar too many owners hang onto their business control into senility, and by the time, if ever, they do get around to thinking about succession, their heirs may no longer be interested or competent in continuing the company” (p. 143).

The results from the present study provide a first step and some interesting preliminary indications in understanding NGMs’ --already working in the business-- perceived level of self-worth and its relationship with family ties and traditions, NGMs
age, and legal ownership (control) they enjoy. Specifically, the study’s results show that for those NGMs already working in their family firm, their perceived level of self-esteem is directly and negatively affected by their feelings of psychological ownership, as well as indirectly and negatively influenced by their age (inverse relationships); on the other hand, the positive effect of family ties and traditions on the NGMs’ level of self-esteem is indirect, whereas the legal ownership one is straightforward. That means that psychological ownership acts as a mediator between family ties and traditions and NGMs’ age, impacting NGMs’ level of self-esteem. The latter suggests that although family ties and traditions are an important source of the possession feeling, as NGMs grow older, psychological ownership is not enough. Legal ownership should be exerted in parallel.

It is true that while in their 20s or 30s, NGMs may not have the financial strength to own (buy) a high percentage shares in the business, being therefore more prone to develop a sense of psychological ownership towards the firm. However, when a junior generation is not involved financially in the business through some legal ownership mechanism, chances are that the NGMs lose their drive as they get old and become comfortable drawing a salary from the family firm. If the NGMs do not control some assets (% shares—legal ownership), that is, if the senior generation does not want to give up control of the shares they have spend a lifetime accumulating, they may get frustrated and suffer a shrinkage of their self-identity, lowering their own self-esteem. Active NGMs should not only be involved in making decisions, but also should be compensated as time passes by with legal and not only, psychological ownership, since the latter affects their own sense of worth and future behavior.

**Further Research:**
As mentioned earlier, the covariate age needs to be studied from the perspective of a moderator impacting the strength of the relationship between psychological ownership and self-esteem. The latter due to the results we got which are in line with our previous experience. If the latter is going to be attempted, a more powerful software would be needed, since AMOS has not the statistical power to do so—a possibility is to use the M-Plus software.

The findings obtained in our research also raise issues regarding the role of psychological ownership and actual possessions at different stages in the lives of family
members, especially NGMs. Moreover, they also open up the question of whether the kind of ownership→self-esteem relationship in NGMs not active in the family firm is also negative (as the one we report here for active NGMs) or not. In addition, further research is needed in order to see how other NGMs’ self-concept constructs, such as self-consistency and self-efficacy, are influenced by psychological and actual ownership in the realm of family firms.

**Practical Implications:** Our results may be of interest for practitioners in the family business arena, since they provide insights regarding how ownership transmission, age and family ties and traditions affect directly and/or indirectly NGMs’ (working in the family enterprise) feelings of self-worth. The latter could help them to develop more accurate succession plans with personal and professional implications not only for NGMs, but also for the generation-in-charge. In addition, transitional options (such as partial retirement\(^\text{10}\) of the generation-in-charge) along with a plan to hand over shares/assets to NGMs could be tried in order to deal effectively and constructively with the process, benefiting not only the family relationships and NGMs self-concept (i.e. self-esteem), but also the family business legal and tax issues. An adequate estate planning --often involving insurances, structuring of trusts, lifetime gifts of stock, and buy-sell agreements—could be worked out in advance to facilitate meeting tax obligations when required in the future.

\(^{10}\) Planning of partial retirement allows the generation-in-charge to be involved in the operation and management of the firm, while the successor gains experience in how to deal with the business stuff.
Trevinyo-Rodríguez, RN

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Trevinyo-Rodriguez, RN


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APPENDIX 1 – QUESTIONNAIRE

RESEARCH PROJECT:
NEXT GENERATION IDENTITY AND THE FAMILY FIRM

Please select the answer which best reflects your position

1= Strongly agree - 5= Strongly disagree

Q1. I have invested so much time in the business that I deserve to be in charge
   (Strongly Agree) 1 2 3 4 5 (Strongly disagree)

Q2. I know what my strengths are, and my work in the family business allows me to take advantage of these strengths.
   (Strongly Agree) 1 2 3 4 5 (Strongly disagree)

Q3. I feel very much an important part of the family business.
   (Strongly Agree) 1 2 3 4 5 (Strongly disagree)

Q4. There’s a lot of me reflected in the family company.
   (Strongly Agree) 1 2 3 4 5 (Strongly disagree)

Instructions: Please select the answer which best reflects your position

1= Completely agree - 7= Completely disagree

Q5 I trust each and every single member of my family.
   ( Completely Agree) 1 2 3 4 5 6 7 ( Completely Disagree)

Q6 Our family traditions tend to guide my behavior in the Family Firm.
   ( Completely Agree) 1 2 3 4 5 6 7 ( Completely Disagree)

Q7 I feel have enough knowledge about the business and about my own family.
   ( Completely Agree) 1 2 3 4 5 6 7 ( Completely Disagree)

Q8 I want my kids and their future generations to contribute to the development of the family business; one of my dreams in life is for them to take over and contribute to it.
   ( Completely Agree) 1 2 3 4 5 6 7 ( Completely Disagree)

Please select the answer which best reflects your position

SA: Strongly Agree
A: Agree
D: Disagree
SD: Strongly Disagree

1. All in all, I tend to feel that I am a failure.
   SA A D SD

2. I feel that I’m a person of value, at least on an equal plane with others.
   SA A D SD
3. I am able to do things as well as most other people.
SA  A    D   SD
4. I certainly feel useless at times.
SA  A    D   SD
5. I feel I do NOT have much to be proud of.
SA  A    D   SD
6. I feel that I have a number of good qualities
SA  A    D   SD
7. On the whole, I’m satisfied with myself.
SA  A    D   SD
8. At times, I think I am no good at all.
SA  A    D   SD
9. I take a positive attitude toward myself.
SA  A    D   SD
10. I wish I could have more respect for myself.
SA  A    D   SD

Demographic variables:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marital Status</td>
<td>Single / Married / Living with Partner / Divorced / Widow</td>
<td></td>
</tr>
<tr>
<td>Number of Children</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Months/Years active in the family firm</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Still active</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Current position</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>% of shares you hold in the family firm</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Industry where your family business is positioned</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Company Name</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Generation (counting from the founder (1) to you)</td>
<td>____________</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>____________</td>
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--END OF QUESTIONNAIRE--

THANKS A LOT FOR YOUR TIME AND SUPPORT!
THE STRENGTH OF FAMILY TIES: AN ANTECEDENT OF NEXT GENERATION MEMBERS’ KNOWLEDGE ACQUISITION, BEHAVIOR AND SELF ESTEEM.

CONCLUDING REMARKS

Family firms constitute a significant portion of the world economy in terms of the number of businesses that are either family-owned or controlled. Their creation, growth and either success or failure define how the world economy and its social dimensions progress. In Europe, around 75% of the companies are family-owned, whereas in Latin America, South and East Asia, Africa, and Middle East the range goes up to 95%.

Due to their importance, more research should be done on them, since a way of anticipating both, economic and social advancement is clearly linked to understanding their processes, interrelations, and ways of doing things. In this dissertation, we strived to contribute to the investigation of family enterprises from an underdeveloped perspective, that one of the Next Generation Members (NGMs).

Overall, it’s clear that NGMs are the ones who will determine, by their future behaviors, if the family firm survives or not. Thus, analyzing the impact the family background (ties and traditions) has on the NGM is not trivial. On the contrary, the perspective NGMs have regarding the family background—as a competitive advantage or burdensome legacy—, will determine not only their disposition to learn about the firm, but also, to some extent, their decision to join the family enterprise or not. Moreover, that viewpoint will also contribute to develop or diminish the NGM self-concept (self-esteem) as an individual.

The three essays composing this dissertation have analyzed separately how the strength of family ties impact NGMs’ knowledge acquisition, behavior and self-esteem. The latter, contributes to better understand the role family, as a “membership group”, plays in shaping the behavior of NGMs. At the end, the NGM becomes who s/he becomes due to the continuous and dynamic contact s/he has with his/her family nucleus. This attachment and/or sense of belonging to the socio-cultural unit is what makes him/her adopt the values, attitudes, patterns of thought and behavior of the
family collective, achieving therefore a sense of meaningful interaction and developing/enhancing his/her self-concept (i.e. self-esteem).

The first essay, pinpoints the fact that there are three main actors in the knowledge acquisition process that takes place within family firms (intergenerational knowledge transfer): the family, the family-enterprise and the next generation members. The interrelationships among these actors determine the learning outcomes in the family realm as well as in the business arena, having an effect on the identification of the NGMs with the family and the enterprise (idiosyncratic assimilation). This paper’s main contribution deals with highlighting how emotions (positive and/or negative) and family ties (strength) affect the intergenerational knowledge transmission, shaping in turn the relationships among actors shown in our developed Next Generation Learning Model (NGLM) and impacting the NGMs’ self and collective identities.

The second essay underlines the fact that the strength of family ties, impacts NGMs’ affective and interactive commitment towards the NGM identity (role). The latter is important because if the NGM feels committed consciously and unconsciously to play the role of a family business NGM, his/her desire to enter the family enterprise will be influenced positively, consequently impacting his/her behavior. Identification (centrality and salience) of the NGM to his/her identity and meaningful role, to his/her family (culture, ties, traditions), and to the firm (idiosyncrasy), shape and predict NGMs’ attitudes towards the family enterprise, showing us possibilities regarding their decision to join or not the business. With this second paper, we have shown that the new line of research and model developed by Stets and Burke (2000) dealing with merging sociological and psychological approaches in order to understand the identity invocations that affect the individual actions, holds fairly enough in the family firm context when analyzing NGMs’ behavior. Moreover, throughout the text, we have also discovered several significant and interesting cross cultural differences regarding NGMs’ attitudes in Mexico and Spain.

The third paper, to end with, stressed the fact that NGMs’ identified with the business and working in it, may lose their interest in leading the family firm–as they get older–if certain mechanisms are not institutionalized. We detected that the perceived level of NGMs’ self-esteem was directly affected by the feelings of psychological ownership NGMs had, and that this influence turned out to be negative as time elapsed. On the other hand, we saw that legal ownership impacted self-esteem positively and
directly, while the strength of family ties and traditions and the covariate “age” did so only indirectly through the psychological ownership construct. This implies that age and family ties and traditions don’t affect NGMs’ self-esteem levels directly, but through the psychological ownership mediator. This paper results suggest that for aging NGMs working in the family firm, psychological ownership is not enough to make them feel worthy. They also need legal ownership; they need to have a real feeling of possession and of being capable of “doing”, “taking decisions” and being “independent”.

Nonetheless, it is clear that it is not possible to draw unconditional lessons on the impact of family ties on NGMs’ knowledge acquisition, behavior, and self-esteem. The value (or loss) created by family ties is contingent upon the family and NGM situation, and it differs across families. Actually, it may even appear that sometimes, pertaining to a family firm may have negative consequences for NGMs, since their individual identity is highly based on the fact that they are part of the family-business “group”. On the other hand, if the individual could take advantage of that particularity, s/he may boost up his/her development and career opportunities.

Family business scholars and consultants are advised to appreciate the importance the covariate age has in NGMs’ personal and professional trajectory, as well as how knowledge transfer, behavior and self-esteem are linked to the NGMs’ life stages. The results of these essays can also inform the generation-in-charge and the NGMs themselves. Being aware of the possible difficulties to encounter within the family and the enterprise could make actors involved in the process conscious about the necessity of active planning not only about succession matters, but also regarding early NGMs’ training and involvement (both psychologically and legally) in the family-owned or controlled enterprise.

In addition, being informed on how NGMs’ identity formation is linked to the cultural and traditional aspects of the family and of the enterprise not only helps the generation-in-charge to devise explanations regarding why they behave in certain ways, but also could help the NGMs themselves to understand why they act as they do, as well as to give them some confidence while they advance ahead into the process of collaborating (full-time or partially) or not (passive involvement) in the family firm management (throughout the different stages of life). After all, even if NGMs don’t participate actively in the family firm, they will always be involved and/or attached to it in a certain way. Thus, knowledge about the vicissitudes family firms and its main
actors pass through as time goes by is an important issue with multidisciplinary ramifications.

Beyond the important results included in these essays, a number of immediate extension are already under way to better understand NGMs’ drivers and consequences of joining or not the family firm. To begin with, I will try to uncover if other self-concept constructs such as self-consistency and self-efficacy are influenced or not by the NGMs’ ownership feelings (psychological ownership and/or the legal ownership). The latter could inform us not only on identity issues related to the NGM role, but also on the function ownership plays in shaping the NGM attitudes and predispositions.

I will also like to explore how changes and adaptations in knowledge schemas—taking place during the intergenerational knowledge transfer process in family firms, e.g. changes in traditions due to NGMs’ new ideas and/or doubts regarding the old-fashioned way of doing things—, can be illuminated by theories about dynamic complexity and organizing doubt.

Looking forward, my main academic goal is to contribute to the family business literature by understanding the explicit and implicit reasons (factors) that drive some NGMs’ to pursue a career in their family firm (at different stages of life), as well as the dynamics that apart others from the business and/or family. This, in order to find ways to better train those interested in building the family legacy, and/or integrating into the family and firm units, those others who decide to follow more appealing career paths outside the family-enterprise.