2009
Conference Program

April 24-26, 2009
Winnipeg, Canada

Conference Host:
The Asper School of Business
University of Manitoba
Winnipeg, Canada
(204) 474-9353
umanitoba.ca/faculties/management/

Conference Hotel:
Hotel Fort Garry
222 Broadway Avenue
Winnipeg, Canada
(800) 665-8088
www.fortgarryhotel.com
THANK YOU for coming to Winnipeg, Canada for this gathering of scholars interested in creating and disseminating knowledge on the family firm. As you well know, family firms remain the most common and often least understood form of organizations in our world. Accordingly, our collective task is immense, as we seek to understand the unique dynamics at play in these firms and their families and thereby enhance their prospects, both as organizations seeking prosperity and sustainability, and also as agents for fostering the growth and development of the individuals who work and live in and around them.

A bit of history: About five and half years ago, inspired by the International Family Enterprise Research Academy (http://www.ifera.org/) Pramodita Sharma and Mark Green dreamt of a reasonably priced research gathering in North America, which would help to facilitate the emergence of a community of scholars interested in understanding the family firm. Their vision was for a conference that would be demanding in its standards, but developmental in its tone and culture. As they launched the inaugural conference in Portland in 2005 they wondered whether a field-to-be would in fact come together in support of this initiative. With 25 submissions, 55 delegates, and amazing support from colleagues who served on FERC’s review board, they were encouraged to turn this into an annual event. With this year’s offering their dream continues, with 58 poster and paper submissions and a set of stellar keynote speakers coming together in the Canadian prairies for the 5th Annual Family Enterprise Research Conference!

A bit about this year’s theme: 2009 FERC has taken as its mandate the challenge of exploring the intersection of the family firm with the conversations of business ethics, environmental sustainability and stakeholder management. As we learn from our keynote scholars and consider an array of posters, we will hopefully come to better appreciate the unique role of the family enterprise in these conversations.

A bit about those who have helped us along the way: We would like to take this opportunity to acknowledge and thank our colleagues at the University of Manitoba and Mississippi State University who helped along the way in making this initiative possible: to Asper School Dean, Dr. Glenn Feltham, University of Manitoba and VP-Academic Digvir Jayas we say thank you! We also wish to acknowledge the very helpful guidance provided along the way by FERC’s co-founder Pramodita Sharma and the larger FERC family. Thank you!

We are delighted and honored to be your hosts for 2009 FERC. We have worked hard to make this conference a rich learning experience for each of you. Please let us know if there is anything we can do to make your time with us especially enjoyable and rewarding.

Reg Litz
2009 FERC Conference Chair
The Asper School of Business
University of Manitoba

Allison Pearson
2009 FERC Program Chair
College of Business
Mississippi State University
2009 Conference Sponsors:

Asper School of Business at the University of Manitoba

The Buller Foundation

Centre for Professional and Applied Ethics at the University of Manitoba

Edward Elgar Publishing

Family Business Magazine

Family Enterprise USA

Family Firm Institute

Grand Valley State University

John Molson School of Business at Concordia University

Kroeker Farms Limited

Laird Norton Tyee

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Marcel A. Desautels Centre for Private Enterprise and the Law at the University of Manitoba

Mississippi State University

Sage Publications

Stu Clark Center for Entrepreneurship at the University of Manitoba

The Triple A Fund

University of Manitoba Vice-President (Research)

University of St. Thomas

1 Listed alphabetically
FRIDAY APRIL 24, 2009

For General Attendees

Breakfast on own – Broadway Room on Main Floor of hotel (opens at 6 am)

9:00 Buses depart from front door of Hotel Fort Garry for Loewen Windows, Steinbach, Manitoba

Note: While safety glasses and ear plugs will be provided on-site, you are asked to wear close-toed shoes for the factory tour.

10:00 Tour Loewen Windows factory (see: www.loewen.com)

11:30 Buses departs for luncheon at Mennonite Heritage Village

11:45 Luncheon begins at Mennonite Heritage Village (see www.mennoniteheritagevillage.com/)

12:15 Keynote Presentation*

Presenter: MR. CHARLES LOEWEN, President of Loewen Windows, and MR. CHRISTOPHER LOEWEN, MBA Student, Asper School of Business, University of Manitoba, “The Loewen Windows family business and business family story: Looking back, looking ahead.”

* Sponsored by C.P. Loewen Family Foundation Inc.

Question & Answer

1:00 Tour on own of Mennonite Heritage Museum and Village

1:30 Buses leave Mennonite Heritage Village

2:30 Buses arrive at Asper School of Business (see: www.umanitoba.ca/asper/)

For FERC-BEQ Special Issue Publication Workshop Invitees*

* Sponsored by Center for Family Enterprise, Opus College of Business at the University of St. Thomas

10:00 Meet in designated meeting room in hotel – Salon D

10:30 Coffee

12:30 Working lunch

2:00 Taxis depart Hotel Fort Garry

2:30 Taxis arrive at Asper School of Business and join regular attendees

For ALL Attendees

2:30 Registration table opens – Main Floor, Asper School of Business

2:30 Tea and desserts served – Main Floor, Asper School of Business

3:00 First Session – Room 107 Asper School of Business (located in lower level)

Welcome by Drs. Reg Litz & Allison Pearson
Dr. Glenn Feltham, Dean, *Asper School of Business, University of Manitoba*

Dr. Peter Cattini, Associate Vice-President (Research), *University of Manitoba*

Professor Rob Warren, Executive Director – *Stu Clark Center for Entrepreneurship*

Introduction of speaker by Dr. Arthur Schafer, *Centre for Professional & Applied Ethics*

**Keynote Presentation***

Presenter: **DR. KEN GOODPASTER**, *(University of St. Thomas)*, “*Business ethics & family business: Does family make a difference?*”

* Sponsored by *The Centre for Professional and Applied Ethics*

**Question & Answer**

4:15  Buses depart *Asper School of Business*

4:45  Buses arrive at *Hotel Fort Garry*

6:30  Registration opens – Broadway Room, Main floor of hotel

  Hors d’oeuvres, wine and beer

  **Location:** Main floor dining room

7:00  Welcome by Dr. Nick Turner, Associate Dean – Research, *Asper School of Business*

  * Sponsored by the *Asper School of Business* at the *University of Manitoba* and *College of Business* at *Mississippi State University*

9:00  Doctoral student gathering led by Jeff Pollock, (Ph.D Cand.) *Virginia Commonwealth University* in Broadway Room Annex
SATURDAY APRIL 25, 2009

7:30 Buffet breakfast – 7th Floor foyer

8:30 Welcome and opening announcements - Conference chair – Dr. Reg Litz (7th Floor - Crystal Ballroom)

9:00 **Keynote Presentation**

**Presenter: DR. SANJAY SHARMA, (Concordia University) “The environmentally sustainable (family) business: Does family make a difference?”***

* Sponsored by Kroeker Farms Limited

Question & Answer

10:00 Coffee Break

10:30 **Keynote Presentation:**

**Presenter: DR. RON MITCHELL, (Texas Tech University) “A stakeholder fairness process view of family business: How family makes a difference”***

* Sponsored by The Buller Foundation

Question & Answer

11:30 Break

11:45 Luncheon*

* Sponsored by The Marcel A. Desautels Centre for Private Enterprise and the Law

Selected announcements and short reports:

IFERA and the EIASM Workshop.

Mr. John Pozios on *The Marcel A. Desautels Centre for Private Enterprise and the Law*

Dr. Ron Mitchell (Texas Tech University) on preparing submissions for *Business Ethics Quarterly* Special Issue

Dr. Ritch Sorensen and Mr. Bill Monson (both at Center for Family Enterprise, Opus College of Business, University of St. Thomas): Report on *University of St. Thomas* Fall 2008 Policy Conference on Family Business

Ann Kinkade, *Family Enterprise USA* - Presentation of 2009 FERC Doctoral Scholarships sponsored by FEUSA

1:30 Introduction to poster sessions of regular submissions and selected FOBI and FFI award winners – Dr. Allison Pearson

Poster presentations of regular submissions and selected FOBI and FFI award winners

2:00 First Poster Session
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| B     | Thomas M. Zellweger Franz W. Kellermanns James J. Chrisman Jess H. Chua | Family Firm Valuation By Family CEOs: The Role of Socioemotional Value  
*2008 FFI Winner* |
| C     | Patricia R. Hedberg Sharon M. Danes | Explorations of the Power Relationship Between Business-owning Couples: Managing Decisions Through Collaborative Power Interactions |
| D     | Dmitry Khanin | Can Family Business Studies Assist in Conceptualizing Stakeholder Conflict? |
| E     | Esra Memili John Shaw | Stakeholder Perspective on Nonfamily Employees’ Perceptions of Justice in Family Firms |
| F     | Tracy L. Gonzalez-Padron | A Stakeholder Approach to Corporate Social Responsibility: Does Family Matter? |
| G     | Jeremy Funk Reg Litz | Got Family? The Influence of “Family” Identity on Customer Loyalty |
| I     | Guido Corbetta Alexandra Dawson | Interest Alignment: The Missing Link in the Familiness Construct |
| J     | Manisha Singal Vijay Singal | Interest Alignment and CEO Compensation in Family Controlled Firms  
*2008 FOBI Winner* |
| K     | Francesco Chirico Carlo Salvato | The Evolution of Capabilities in Family Firms: Knowledge Integration as a Full or Partial Mediator |
| L     | Kirk Ring | Stakeholder Salience in the Family Firm: A Theoretical Model |
| M     | Fang Wan Na Ni Nathan Greidanus | Stakeholder-Oriented Brand Management Processes in SMEs: A Brand Triangle Approach |
| N     | G. Thomas Lumpkin Wendy L. Martin | To Develop a Family Orientation Scale  
*2008 FOBI Winner* |
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<td>Lucy F. Ackert, Joseph H. Astrachan, Ann B. Gillette, Torsten M. Pieper</td>
<td>Family Ties: For Love or Money?</td>
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<td>Sanjay Goel, Rania Labaki</td>
<td>Family Business Identity and Corporate Social Responsibility: A Systems View</td>
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2:45 Change-over for posters  
3:00 Second Poster Session

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<td>John Chamard, Robert Blunden, Patricia Fitzgerald, Elaine Sibson</td>
<td>Family Businesses and Multiple Bottom Lines</td>
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<td>B</td>
<td>David Murillo, Steen Vallentin</td>
<td>CSR, SMEs and Social Capital: An Empirical Study and Conceptual Reflection</td>
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<td>C</td>
<td>Roland E. Kidwell, Franz W. Kellermanns, Kimberly A. Eddleston</td>
<td>Ethical Climate and Relationship Conflict in the Family Firm: Implications for the “Fredo Effect”</td>
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<td>D</td>
<td>Rebecca G. Long, K. Michael Mathews</td>
<td>The Essence of Family Business Ethics</td>
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<td>Anna Blombäck, Caroline Wigren</td>
<td>What if it is Not Family That Makes a Difference? Reinterpreting Findings on Family Business and CSR</td>
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<td>F</td>
<td>Donald O. Neubaum, Clay Dibrell, Justin B. Craig</td>
<td>Addressing Natural Environmental Concerns from Within: Investigating the Role of Internal Stakeholders in Family and Non-Family Businesses</td>
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<td>G</td>
<td>Ritch L. Sorenson, Patricia R. Hedberg, Kenneth E. Goodpaster</td>
<td>How Leadership and Conflict Styles Relate to Ethical Norms in Family Firms</td>
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<td>Teruo Shinato, Fumio Kobayashi</td>
<td>Family Companies and CSR in Japan -The Case of Ito Yokado -</td>
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<td>J</td>
<td>Mauvalyn M Bowen, Gertrude Ira Hewapathirana</td>
<td>Ethics, Morality, and Social Capital in Family Businesses: An Exploratory Study</td>
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| K | Neus Feliu  
   Maria José Parada  
   Angel Castiñeira | A Successors’ Mentoring Program as a Value Transmission Mechanism to Sustain and Enhance Business Ethics Over Generations in Family Firms |
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<td>Norman D. Bishara</td>
<td>Confronting a Business Ethics Glass Ceiling in Middle East Corporate Governance: Scaling and Tailoring Business Ethics and Governance for Family Enterprises</td>
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| M | Sanjay Goel  
   Rosa Nelly Trevinyo-Rodriguez | “Why Should We Be Philanthropic?” – A Framework of Philanthropic Inclination Among Family Businesses |
| N | Francesco Chirico  
   Mattias Nordqvist | An Experimental Examination of Culture and Dynamic Capabilities: Insights from a Simulation Study on Family Firms |
| O | Reg Litz  
   Nick Turner | Sins of the Father’s Firm: The Dilemma of Inherited Unethicality in Family Business |
| P | Shanan R. Litchfield  
   Curtis F. Matherne III | Organizationally-Harming Misbehaviors and Organizationally-Benefitting Misbehaviors in Family Firms: Does Family Commitment Make a Difference? |
| Q | Bart Debicki | Internationalization of Family Firms: A Literature Review |
| R | Yi-Chun Huang  
   Hung-Bin Ding | Green New Product Development in Family Firms |
| S | W. Gibb Dyer  
   Richard G. Gardner  
   W. Justin Dyer | Keeping it all in the Family: An Investigation of Entrepreneurial Firms Transitioning to Family Businesses |

*2008 FOBI Winner

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| A | Amanda E. Matzek  
   Clinton G. Gudmunson  
   Sharon M. Danes | Spousal Capital in Firm Emergence: A Gendered Perspective |
| B | Moses Acquaah  
   Kwasi Amako-Gyampah  
   Jayanth Jayaram | HRM and Market Orientation Strategies in Family and Nonfamily Firms: How Do They Relate to Competitive Strategy and Firm Performance in an African Emerging Economy? |
| C | Paola Vola  
   Jose Franchino | The Influence of Family Involvement on Firm’s Sustainability: Empirical Evidences from the Italian Mineral Water Industry |

3:45 Change-over for posters  
Special dessert treat  
4:00 Third Poster Session
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<td>Esra Memili</td>
<td>An Economic Tournament Model of Nonfamily Managers’</td>
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<td>Kaustav Misra</td>
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<td>Lesley A. Huff</td>
<td>Daughters in Family Business: Quantitative Assessment</td>
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<td>The Role of Family Influence in the Sale Process</td>
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<td>Niedermeyer</td>
<td>- A Qualitative Study of Family Business Sales -</td>
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<td>Petra Moog</td>
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<td>John G. Vongas</td>
<td>Born to Innovate? Birth Order and Innovation Among</td>
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<td>Family Business Successors</td>
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4:45  End of poster sessions
6:30  Reception for Gala Dinner in 7th Floor Concert Hall
7:00  Dinner
8:45  Program

Presentation by Royal Winnipeg Ballet*
Vanessa Lawson and Gael Lambiotte
* Sponsored by The Triple A Fund

Keynote Presentation*:

Presenter: DR. GLENN FELTHAM, Dean, Asper School of Business, “Creating incentives for firm sustainability and intergenerational continuity: Insights from taxation research”

2009 FOBI Awards Announcement by Dr. Thomas V. Schwarz (Grand Valley State University)

Best Poster Awards, courtesy of Mr. Rich Simmonds, (Laird Norton Tyee)
SUNDAY APRIL 26, 2009

7:00 Buffet Breakfast – 7th Floor Crystal Ballroom
7:00 FBR Editorial Board Meeting – Salon C
8:30 Welcome and opening announcements - Conference chair – Dr. Reg Litz (7th Floor - Crystal Ballroom)

Award of Edward Elgar and Sage books\(^2\)
- Poster Sessions 1, 2 and 3 book winner
- For Contribution to Discussion at FERC 2008
- ‘Lucky Scholar Book Award’

9:00 Reflections from the FERC-BEQ Special Issue Publication Workshop: What have we read; where should we be going?
Dr. Jim Chrisman, Mississippi State University

9:15 Panel Discussion: What have we heard; where should we be going?
Ms. Carmen Bianchi, Director – (EMC Business Forum, San Diego State University)
Dr. Manisha Singal, Assistant Professor, (Virginia Tech University)
Jeff Pollack, (Ph.D. Cand.), Virginia Commonwealth University
Professor Nathan Greidanus, (Ph.D. Cand.), (Asper School of Business, University of Manitoba)

10:30 Coffee Break

11:00 Closing FERC 2009: Drs. Pramodita Sharma, (Concordia University) & Mark Green, (Family Business Consulting Group)

Distinguished Service Awards: Professor Mauricio Alvarez, UDEM

Passing the Banner: Drs. Reg Litz & Allison Pearson

Looking toward 2010: Professor Mauricio Alvarez (UDEM, Mexico), Dr. Alan Carsrud (FIU/Ryerson University) and Professor Antonio Morfin-Maciel (Universidad Anahuac, Mexico)

Looking toward 2011: Drs. Tom Schwarz (Grand Valley State University) and Ritch Sorensen (University of St. Thomas)

Looking toward 2012: Drs. Pramodita Sharma (Concordia University), Luis-Felipe Cisneros-Martinez (H.E.C.)

\(^2\) Must be in attendance to claim prize
11:30  Conference ends for 2008
12:00  FERC Board Meeting (by invitation only)
POSTER ABSTRACTS
Social Capital Forms in the Family – Firm System:  
A Conceptual Framework

Prof. Daniela Montemerlo  
University of Insubria  
Via Monte Generoso, 71, 21100 Varese, Italy  
&  
SDA Bocconi School of Management  
Via Bocconi, 8 – 20136 Milan, Italy

Prof. Pramodita Sharma  
Concordia University  
John Molson School of Business  
1455 De Maisonneuve Blvd. W  
Montreal, Quebec, Canada  
H3G1M8

Abstract
This article attempts to design a conceptual framework that encompasses the various forms of social capital in the family – firm system, given the importance of social capital for family business long-term performance. We explore the different forms of social capital, in terms of bonds and bridges of both family and firm units, and we identify factors increasing the potential of developing family and business bonds and factors increasing the potential of building family - business bridges. Propositions are developed and perspectives for future research are discussed.
Family Firm Valuation By Family CEOs:  
The Role of Socioemotional Value

Thomas M. Zellweger  
Center for Family Business  
University of St. Gallen  
Dufourstrasse 40a  
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Department of Management and Information Systems  
Mississippi State University  
Mississippi State, MS 39762-9581, USA  
INTES Center for Family Enterprises  
WHU (Otto Beisheim School of Management), Germany

James J. Chrisman  
Department of Management and Information Systems  
Mississippi State University  
Mississippi State, MS 39762-9581, USA  
Centre for Entrepreneurship and Family Enterprise  
University of Alberta, Canada

Jess H. Chua  
Haskayne School of Business  
University of Calgary  
2500 University Drive, NW  
Calgary, AB, Canada T2N 1N4

Abstract  
Based on the contentions of prospect theory that ownership endows possessions with a value premium, this study provides evidence that socioemotional value in family firms influences the monetary value attached to the firm by family owners. Ability to measure socioemotional value is a critical step toward establishing that it has a direct instead of an imputed link to family firm behavior. The results from two different samples of family firm owner-CEOs show that the socioemotional values for their firms increase with their desires for transgenerational sustainability, a distinctive socioemotional attribute of family firm ownership.

Keywords: Family firms, endowment effect, prospect theory, socioemotional value, transgenerational sustainability, firm valuation.
Explorations of the Power Relationship Between Business-Owning Couples: Managing Decisions Through Collaborative Power Interactions

Patricia R. Hedberg
Opus College of Business
University of St. Thomas
Minneapolis, MN 55429, USA

Sharon M. Danes
University of Minnesota
Department of Family Social Science
290 McNeal Hall
1985 Buford Avenue
St. Paul, MN 55108, USA

Abstract
Family firm decisions are influenced not only by the firm but also by family. This paper explores how the family dynamic between wife and husband impacts the family firm. It explains the way that spouses can act with mutual interest and finds support for a model of collaborative power in decision making.
Can Family Business Studies Assist in Conceptualizing Stakeholder Conflict?

Dmitry Khanin, Ph.D.
Assistant Professor of Management
Department of Management
Director of Research
Center for Entrepreneurship
Steven G. Mihaylo School of Business and Economics
Cal State, Fullerton  USA

Abstract
Examinations of stakeholder conflict played a major role in the early stakeholder theory. Although the concept is still actively utilized in empirical research, it has all but vanished from the mainstream theoretical work. Based on early stakeholder theory and subsequent studies of stakeholder salience, I put forth a new, integrative model of stakeholder conflict that examines the sources of conflict in family firms and both the mediating and moderating effects of various factors including stakeholder salience and anticipatory impression management strategies. I contend that reconceptualizing conflicts in family firms from a stakeholder perspective will lead to developing a more advanced understanding of the causes and consequences of stakeholder conflict.
Stakeholder Perspective on Nonfamily Employees’ Perceptions of Justice in Family Firms

Esra Memili
Department of Management & Information Systems
Mississippi State University
Mississippi State, MS 39762-9581 USA

John Shaw
Department of Management & Information Systems
Mississippi State University
Mississippi State, MS 39762-9581 USA

Abstract
Recent family business studies suggest that the nonfamily employees’ perceptions of justice may be affected by the family influence in family firms. Drawing upon organizational justice and stakeholder theories, we develop a theoretical model and propose that nonfamily employees’ perceptions of justice would be uniquely affected by family influence factors. Furthermore, we expect that the relationships between family influence factors and nonfamily employees’ perceptions of justice will be moderated by family business members’ normative stakeholder management. Consequently, nonfamily employees’ perceptions of justice can impact their voluntary turnover in family firms. We conclude by discussing implications for future research.

Key words: Family influence; Perceptions of justice; Normative stakeholder management
A Stakeholder Approach to Corporate Social Responsibility: Does Family Matter?

Tracy L. Gonzalez-Padron
University of Colorado at Colorado Springs
Department of Marketing, Strategy, and International Business
College of Business
Colorado Springs, CO 80918, USA

Abstract
This paper explores how family involvement in publicly traded companies influences the responsiveness to stakeholders and the subsequent relationship with customer satisfaction, firm reputation, market performance and financial performance. The study pays special attention to the attention the firm gives to environmental issues. Drawing from stakeholder theory, we find significant relationships in a customer orientation with environmental performance that creates customer satisfaction driving financial performance. Preliminary results show a significant relationship of family involvement in both environmental performance and customer satisfaction.
Got Family?
The Influence of “Family” Identity on Customer Loyalty

Jeremy Funk
University of Manitoba
Winnipeg, Canada

Dr. Reg Litz
University of Manitoba
Winnipeg, Canada

Abstract
Habbershon & Williams (1999) use the concept of the Resource Based View of the firm (Barney, 1991) to assess the effectiveness of family-controlled firms. They describe the contribution each firm has as its “familiness”. “More specifically, familiness is defined as the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business” (1999:11). A significant part of that unique bundle is derived from the family business’ ownership structure and how it is used as a competitive advantage. Craig, Dibrell & Davis (2008) conclude that “family-based brand identity” enhances consumer purchasing decisions because of the perceived attributes of the seller. Their study examined how the promotion of family identity affected competitive orientation (product or customer service) by measuring the impact from within the family business. They also identify the need for future research to consider examining the perceptions of customers in relation to “family-based brand identity”.

Research to date has not linked the direct effects of self-identification with customer-perceived service brand equity and service quality (Habbershon & Williams, 1999). The aim of this study will be to investigate the following four research questions(RQ): (1) In what business domains is a firm’s “familiness” more or less likely to be invoked? Why these particular domains and not others? (2) In what ways is a firm’s “familiness” invoked in marketing the firm? (3) Assuming that a variety of different invoking strategies are deployed: (a) Are any methods more effective than others in terms of customer-perceived service brand equity and service quality? (b) Are any business domains more or less suited to self-identification as a family business in terms of sales activity? And (4) What is it about family business self-identification that attracts or deters customer patronage?
A Stakeholder Approach to Corporate Social Performance in Family Firms

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Abstract  
Adopting a stakeholder approach, we suggest that family ownership and management fosters a socially responsible organization. Using social performance rating data from 1991 to 2005, we extend Dyer and Whetten (2006) and find that family and nonfamily firms were no different in terms of social concerns (i.e., actions labeled as socially negative or irresponsible). These findings differ from earlier studies and suggest that family firms are increasingly more likely to sponsor community and employee initiatives than nonfamily firms. Additionally, we articulate how family firm “familiness” level may affect corporate social performance.
Interest Alignment: The Missing Link in the Familiness Construct

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Abstract

Family dynamics are far from being a rare phenomenon in organisations, since family firms are the dominant form of economic enterprise throughout the world (Beckhard and Dyer, 1983; Chrisman et al., 2003; La Porta et al., 1999, Shanker and Astrachan, 1996). Furthermore, family firms play a significant role in the global economy (Anderson and Reeb, 2003; Chrisman et al., 2007) and have been recognized as “a major source of oxygen for the combustion of entrepreneurship” (Rogoff and Heck, 2003: 559).

However, scholars are still debating the question “what is a family firm?”, in an effort to create an integrated theory of family business (Chrisman et al., 2003). While early work focused on family involvement, considering issues such as ownership, governance and management, attention has now moved to the “essence” of family firms (Chrisman et al., 2003), which includes concepts such as intention (Litz, 1995), vision (Shanker and Astrachan, 1996), behaviour (Chua et al., 1999) and resources and capabilities (Habbershon et al., 2003). Based on this, family firms can be characterized as “lifestyle” or “enterprising” firms (Chrisman et al., 2003).

The aim of this paper is to extend Gottschalg and Zollo’s (2007) model of interest alignment and competitive advantage by applying it to the family firm context. In so doing, we can advance the theoretical knowledge of human capital as a source of competitive advantage in family firms. This context is appropriate, seeing that family firms are characterized, more than other types of firms, by tacit knowledge (Lee et al., 2003; Sirmon and Hitt, 2003) and an alignment between individual and organizational goals (Corbetta and Salvato, 2004), which are key motivational levers (Gottschalg and Zollo, 2007).
Interest Alignment and CEO Compensation in Family Controlled Firms

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Abstract
It is widely recognized that firms adopt the mechanism of CEO compensation to align the interests of owners with those of managers. In recent years all components of compensation including salary and incentive pay have been increasing along with the pay-performance sensitivity. In this paper, we examine the nature of CEO compensation and its effect on performance in family firms, given that the family is able to exercise close monitoring of the firm and in many instances a family member may be the CEO. We hypothesize and find that CEOs in family firms, on average, earn less and earn a smaller fraction of their compensation in incentive pay. Family-bred CEOs in family firms earn even less than professional CEOs in family firms. However, when prior stock ownership of the firm is taken into account, family-bred CEOs earn significantly more than professional CEOs. Moreover, we find that pay-performance sensitivity of CEO compensation in family firms is higher than that in non-family firms when personal wealth of the CEO is considered. Our paper thus provides interesting insights on the much publicized topic of CEO compensation in contemporary times in the context of family firms.
The Evolution of Capabilities in Family Firms: Knowledge Integration as a Full or Partial Mediator

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Abstract
The speed of change in competitive environments has driven firms to develop processes directed at changing existing capabilities to increase their strategic fit. This is captured by the concept of dynamic capabilities. Recent theoretical developments in the family business context suggest that knowledge integration—a dynamic capability through which family members’ specialized knowledge is recombined—guides the evolution of capabilities in family firms. Antecedents of knowledge integration explored in this study are: internal social capital, affective commitment to change and relationship conflicts. Through a sample of 202 family firms, we empirically test a model of knowledge integration as a full or partial mediator in enabling a family firm to modify or build new products, adopting a structural equation modeling approach.

Keywords: Knowledge Integration, Organizational Adaptation, Product Development
Stakeholder Salience in the Family Firm: A Theoretical Model

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Abstract  
Family firms are replete with problems concerning family and business issues but they remain the most dominant form of business worldwide. Decisions about strategy, structure, and goals of the firm play an integral part in the distinction of family firms from non-family firms (Chrisman, Chua & Sharma, 2005) and these decisions are further complicated in the family firm by the interaction of the family and business systems (Stafford, Duncan, Danes & Winter, 1999). Sharma (2000) and Chrisman and colleagues (2005) call for research of this interaction through the utilization of stakeholder theory because family firms involve a specific array of stakeholders with different stakes and different levels of salience. This study further investigates the interaction of the family and the business in a new and interesting way. This will be the first attempt to investigate the way stakeholders and their salience affects the performance of family firms.

This study focuses on the differences that exist among the salience of stakeholders in the family firm. It also focuses on the fact that family firms have both economic and non-economic views of performance. A brief literature is presented to set up a discussion of relationships within the family and within the family. Next a model is presented depicting these relationships and this is followed by explanation of the model’s implications for future research. The aim of this study is to contribute to knowledge by developing a framework for stakeholder salience in the family firm as well as assessing how the salience of particular groups affects the performance of family firms.
Stakeholder-Oriented Brand Management Processes in SMEs:
A Brand Triangle Approach

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Abstract
When small to medium-sized enterprises (SMEs) make up for over 90% of all businesses and play a vital role in creating national wealth and employment opportunities, our knowledge of brands, branding and brand management in these organizations is ad-hoc, inconsistent and to a large extent very biased. Most researchers treat brand management as a sub-functional area (e.g., marketing, external communications) which affects the performance and functioning of other functional areas (e.g., product development, service delivery). Furthermore, these studies have an exclusive focus on large organizations, which is corporate branding or multi-national brands (e.g., the Inter-brand “top 100”). To fill the gap, we develop a conceptual framework to study brand management in SMEs. We deviate from the exclusive focus on consumers in prior brand management research (Bhattacharya & Sen, 2003) and include other stakeholders in our framework. Specifically, we conceptualize brand management as the interactions between both organizations and their internal stakeholders (e.g., employees) and their external stakeholders (customers, investors, community, government, media, and environment). Therefore, brand management in our conceptual framework goes beyond the boundary of customer relationship marketing by taking a multi-stakeholder orientation. As specified in our conceptual model of “brand triangle”, we proposed that brand soul, internal branding, and external branding are integral components of branding processes to synchronize communication and dialogue between an organization and its key stakeholders. In this paper, we make specific propositions on brand triangle in the context of SMEs in order to discern the nature, scope and process of branding building activities for SMEs. We further argue that SMEs actively pursuing “dynamic fit” among the three vertices in the brand triangle (owners, internal stakeholders, and external stakeholders) will sustain their brands as time progresses. We are planning to test our brand triangle model in SMEs by both qualitative and quantitative studies. Through grounded study and multi-informant questionnaires, we intend to get a holistic picture of the relationship between brand soul, external branding, and internal branding and their associations with firm performance in SMEs. We expect that this research will make significant contributions to theory development, managerial practice, and methodological advancement in the area of brand management in SMEs.
To Develop a Family Orientation Scale

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Abstract
The research project involves developing a multi-item scale to assess the dimensions of Family Orientation (FO) set forth in a soon-to-be-published Family Business Review article by G. T. Lumpkin, Wendy Martin, and Marsha Vaughn entitled, “Family orientation: Individual-level influences on family firm outcomes.” The conceptual article identified five dimensions of family orientation: tradition, stability, loyalty, trust, and interdependency. The task of developing such a scale requires that we: a) conduct an extended literature search to identify prior empirical tests of the five FO dimensions or related dimensions; b) develop a pool of likely scale items to assess FO; c) using pilot testing and judgment tasks, conduct exploratory analyses to identify the items that provide the strongest discriminant and content validity; d) survey individuals working in family businesses using the items identified in c, and variables theoretically potentially related to FO (e.g., BOD membership, succession plans, job satisfaction, financial performance); and, e) conduct confirmatory analyses aimed at establishing construct and criterion-related validity.
Family Ties: For Love or Money?

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Abstract
Why do some family owned businesses survive for generations while so many others fail? We know that family cohesion and unity play a prominent role for family business longevity; but what is the underlying source of solidarity among family members? We build on recent research and develop a multidimensional model of family business cohesion involving different sources of cohesion and forms of bonding. Cohesion can originate from family or business spheres. Bonding can derive from emotional, intangible forces or from financial, quantitative incentives. To test our model, we use an experimental approach involving undergraduate and graduate college students working together in public goods decision making projects. Findings from initial factor analyses support the robustness of our multidimensional model. We discuss effects of intangible and quantitative factors on group cohesion and decision making and provide an outlook on future research.
Family Business Identity and Corporate Social Responsibility: A Systems View

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Abstract
We develop a model of CSR in FBs using insights from systems view and identity theory. We first delineate the unique boundaries and processes between the three systems that comprise FBs. We then apply insights from identity theory to develop a more subtle theory of processes, and dynamics that may influence CSR in FBs. In doing so, we make contributions both to the systems view of FBs, as well as identity theory, by extending the reach of the latter to a unique, complex, and multifaceted organizational form. Our testable propositions on CSR in FB related to interactions between unique identities of family and business subsystems, as moderated by the variances in the vision, competency, and the actions of the leadership and governance subsystem.
Family Businesses and Multiple Bottom Lines

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Abstract
The current fashion for triple or multiple bottom lines at best reflects a real sense that businesses have a responsibility for society and the environment. At worst, it is a public relations exercise designed to hide or obscure less laudable corporate activities (like so-called “greenwashing” in which a company describes its concerns about the environment while continuing to pollute, over-use resources etc.). Very often, advocacy of the multiple bottom line approach is a convenient formulation to “justify” activities that are designed to improve the financial bottom line. Thus the notion that giving employees time-off to work with charities gives wonderful publicity that translates into improved sales. For public or widely held corporations there is a legal (and practical) responsibility in many jurisdictions to maximize returns to shareholders. Thus assiduous pursuit of non-financial bottom lines could lead to lawsuits or a shareholder revolt that leads to replacement of senior executives. For co-operatives, at the other extreme, there are explicit values and principles that set out a wide range of non-financial desiderata. These may be ignored to some extent by some co-ops, but they represent a statement of how co-operatives ought to behave.

If public corporations are at one end of the spectrum and co-ops at the other, where do family businesses fit? Obviously they span the full spectrum of bottom lines. Public family businesses (Ford, DuPont, Wal-Mart, Weston etc.) tend to be well toward the finance-only bottom line. Many others, particularly small family businesses, have variable bottom lines. These are determined by the family, the family traditions, and the CEO. They fall comfortably towards the multiple bottom line end of the spectrum. In fact, the fact of multiple bottom lines, whether explicit or not, is a core characteristic of the smaller family-owned business.

Why is this? Our sense is that the key to this placement is the extent to which family businesses are local. If the family lives where the business is, they care about the community because it is their community. They care about the local environment because it is their environment. They deal honorably (even generously) with employees and customers because they are neighbours. They buy locally when ever possible because it is good for their community. It should be noted that for all forms of business at least some measure of financial success is needed to ensure survival. Moreover, in difficult financial times, whatever level of non-financial bottom line is in use tends to come under pressure. Thus in today’s’ world even small family businesses and co-operatives are tempted (or forced) to rethink their commitment to non-financial objectives.
CSR, SMEs and Social Capital: An Empirical Study and Conceptual Reflection

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Abstract
This paper is a response to the opening of new lines of research on CSR and SMEs (Thompson and Smith, 1991; Spence, 1999; Moore and Smith, 2006; Spence, 2007) and seeks to explore the business case for CSR in this corporate segment, mainly composed of family firms. The paper is based on four case studies of medium-sized, family-owned and competitiveness-driven companies in the automotive sector. The case studies provide explicit evidence that the CSR activities of SMEs and the notion of social capital are interrelated, turning social capital into a powerful instrument to better explain what academic literature has called “silent CSR practices”. The analysis that follows questions some of the basic tenets that underpin the branch of business ethics that deals with the nature of SMEs’ approach to CSR. Four basic concerns sustain this analysis:

a) A definition of CSR that includes most of the actions taken by all companies in the territory contributes no academic value to the discipline;
b) Any study of the motivation behind these CSR actions must reflect their essentially pragmatic nature. Actions are linked to social values but also more importantly to the nature of the competitive environment;
c) Business ethics must seek common ground with other more sociological disciplines if it is to explain the reasons behind this type of action;
d) Any study of this kind of practice requires a dual approach: a) normative when using tools developed by CSR; and b) descriptive and instrumental using the notion of social capital.

Keywords: SMALL Businesses, FAMILY Businesses, ENTREPRENEURSHIP, SOCIAL responsibility of business, BUSINESS ethics, INDUSTRIAL productivity, EUROPEAN Union.
Ethical Climate and Relationship Conflict in the Family Firm: Implications for the “Fredo Effect”

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Abstract  
Agency problems in family firms increase the likelihood a family member will develop a heightened sense of entitlement and weaker bonds to the firm leading to the potential for a Fredo effect, where the family member acts as an impediment to the firm’s operations. This study examines the role that elements of ethical climate and relationship conflict in the family firm play in this process. Using a sample of 147 family members, we test relationships among family harmony norms, fairness norms, role ambiguity, relationship conflict and family impediment. As hypothesized, family harmony norms and fairness norms are negatively related to family impediment, which is positively related to role ambiguity. However, we also found that relationship conflict mediates these connections, underscoring the potential damage that this type of conflict can create in a family firm, even when leaders of the firm attempt to establish an ethical climate that reflects a stewardship approach to firm governance.
The Essence of Family Business Ethics

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Abstract
The ubiquity of family dominated firms in economies worldwide suggests that inquiry into the nature of the ethical frames of these types of firms is increasingly important. In the context of a social/exchange network approach, the essence definition of the family firm is used to address social cohesion in a dominant family coalition. It is argued that the factors underlying this cohesion lead family and non-family firms to develop distinctive ethical frames of reference.
What if it is Not Family That Makes a Difference? Reinterpreting Findings on Family Business and CSR

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Abstract
In the midst of a general increase of focus on corporate social responsibility (CSR) research on the particularities of family business CSR have risen. The aim of this paper is to critically examine the use of family involvement as primary variable when investigating the extent and content of firms’ CSR behavior. That is, to reconsider the value and feasibility of referring to family firms as a distinctive group related to CSR. Elaborating on the underlying reasons and motives for CSR initiatives we provide alternative explanatory variables. These support the idea of high levels of CSR activities in family businesses, however, they suggest that it is not the family variable per se that explains this. Other variables, like ownership situation, size, corporate governance and local embeddedness, are promoted. We propose that these will better explain the variation and similarities of CSR among all firms, not only general differences between large samples of family and non-family firms. As family businesses are primarily owner-managed, such an interpretation of CSR behavior does not oppose previous recognitions of similar behavior among many family firms and their partial distinction from other firms’ CSR. It suggests, though, that family businesses, in terms of CSR, share the distinctive characteristics of a larger population, namely small, owner-managed firms. As a way to continue this research, we offer a model that implies decisive and mediating variables to explain the extent of and approach to CSR in firms. With basis in stakeholder and legitimacy theory we propose that the concentration of ownership and size are key variables since these are indicative of the owners’ visibility and closeness (to market and operations).
Addressing Natural Environmental Concerns from Within: Investigating the Role of Internal Stakeholders in Family and Non-Family Businesses

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Abstract
While researches have long suggested that firms must be attentive to their key stakeholders, the question of how attention to different stakeholders may have different benefits for different firms has not been well addressed. This is especially true in the case of family businesses, which confront a unique set of stakeholder challenges not confronted by non-family firms. In this study, we investigate the effect of these competing demands across these different types of firms. In particular, we argue that while being attentive to both internal and external stakeholders is important to firm performance in both family and non-family firms, family firms can gain significantly powerful benefits when they match their concern for natural environmental stakeholders with a demonstration of concern for their. By effectively leveraging the power of these critical internal stakeholders, family firms can gain competitive advantages over non-family firms as it is through these internal stakeholders which the demands of external stakeholder are often met.
How Leadership and Conflict Styles Relate to Ethical Norms in Family Firms

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Abstract
“Familiness” refers to idiosyncratic resources and capabilities available in family firms that emerge from family involvement and interactions (Habbershon & Williams, 1999; Habbershon, Williams, & MacMillan, 2003; Chrisman, Chua, & Litz, 2003). Although familiness has drawn much attention, there has also been a call to more clearly define its components (Pearson, Carr, & Shaw, 2008). The purpose of this paper is to further define the nature of one aspect of familiness, the family point of view (Sorenson, Goodpaster, Hedberg & Yu, 2009).

The family point of view emerges when families engage in open, collaborative dialogue. Sorenson, Goodpaster, Hedberg & Yu (2009) found an association between collaborative dialogue and ethical norms in family firms, and between ethical norms and family social capital. Collaborative dialogue is the product of two literatures: the ethics literature and the conflict literature. In this paper, we rely on these literatures and the leadership literature to further define actions that may either inhibit or promote collaborative dialogue and the presence of common ethical norms. The contribution this study makes to the family business literature is clarifying some components of “familiness” by describing activities associated with ethical norms in family firms.

Thus, based on the ethics, conflict, and leadership literatures, we propose leader characteristics and conflict styles associated with agreement about ethical norms. We then test the hypothesized relationships using data from over 400 family firms. Finally, we discuss the broader implications of the results of our study.
Family Companies and CSR in Japan: The Case of Ito Yokado

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Abstract
In this country, the terms “douzoku kigyo(a company managed by the same family)” or “family companies” have become synonymous with scandals, following the high-profile cases of the Fujiya, Paloma and Akafuku companies. Around the world, however, the conventional wisdom holds family management in a generally positive light. In this paper, we briefly describe the origins and characteristics of family companies in Japan. We also focus on the term CSR (Corporate Social Responsibility), as well as the concept it represents, which is a relatively new one in Japan. In actual fact, however, it relates to the traditional Japanese attitude of “sanpou yoshi,” or “good in three directions,” which means that a business deal should provide benefits not only for the buyer and seller, but also for society at large. Although this attitude is not particularly original or surprising in itself, it shows that many similar attitudes concepts existed in different ages and societies. This attitude was particularly conspicuous in the actual behavior of the “Oumishounin,” the name for one of the three successful groups of traders such as “Osakashounin” and “Iseshounin” in Japan, who existed from the 12th century until the Second World War. The history of trading has been checkered, with many ups and downs, but the fact that the Oumishounin were able to continue their business activities for such an exceptionally long period of time can surely be linked to the principle that governed their conduct. Something which does not change over time, such as a fundamental attitude, is always perceived as contemporaneous in each different age because it has an inherent quality. It is essential that each age can produce a method for putting into practice fundamental values and standards in a way that fits the social circumstances. The historical Oumishounin were able to continuously reform their ways according to changes in circumstances and society. This brings us to an important question. In the current age, what kind of behavioral principles and actions are connected to “sanpou yoshi”? The term CSR is surely of vital importance in any consideration of this matter. Firstly, we overview the background of family companies in Japan and explain how they have developed and how Japan has produced the largest number of old companies (called “shinise”) with over 100 years’ history in the world. Secondly, we analyze the development of CSR together with that of Corporate Governance in Japan and sum up the general state of CSR practices in Japanese companies. Lastly, we describe CSR practice in Ito Yokado (Seven and I Holdings), the largest retailing group in Japan.

Keywords: Japan, Family companies, CSR, Ito Yokado, Seven and I Holdings
The Link Between Transaction Cost Factors and Family Firms’ Efficient Boundaries

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Abstract
The importance of transaction costs in the governance decisions of firms has been well established in the literature. However, transaction cost theory in family firms remains underutilized and studies have not yet associated elements of transaction cost theory with the governance decisions of family firms. In this paper, we contrast the governance choices of family and non-family firms with respect to their relative propensity to outsource production to subcontractors. We argue that family and nonfamily firms differ in subcontracting decisions based on the principal dimensions of transaction cost theory (i.e., asset specificity, risk aversion, opportunism, and trust). This paper also builds on the transaction cost theory to develop a model that explains how subcontractors with kinship ties to the family business members, importance of family business activities, and cost concern influence the use of subcontractors in family firms. Using a large sample of small and established firms, this paper provides empirical results to support this contention. We conclude by discussing further research implications.
Ethics, Morality, and Social Capital in Family Businesses: An Exploratory Study

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Abstract
This research paper aims to explore how ethics and morality of the owner-managers of family owned small businesses (FOSB) help bridging and bonding relationships with their business partners and other stakeholders. The concepts of bridging and bonding have been discussed as the major characteristics of the social capital theory (Halpen, 2005). Research has shown that higher level of social capital is associated with better health, increased knowledge, better employment outcomes, and lower crime rates. Putnam (1995) describes studies showing that more civically active communities with higher level of social capital are more successful in reducing poverty, unemployment and crime, drug abuse and in areas of education and health. Narayan and Pritchett (1997) found that higher level of association memberships are related to higher incomes in a sample of Tanzanian villages. Likewise, the social capital theory has been discussed in relation to reducing social ills and building trust within strange communities. However, ethics, morality and social capital in relation to FOSBs is still a new phenomenon which deserves more theoretical and empirical research to explore how ethics and social capital generate supportive ground for competitive advantages for FOSBs in the growing global business competition.

Key words: Family Business, Ethics, Morality, Social Capital, Small Business, Sri Lanka
A Successors’ Mentoring Program as a Value Transmission Mechanism to Sustain and Enhance Business Ethics Over Generations in Family Firms

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Abstract
Corporate Values can be a competitive advantage for all organizations, specially in periods of crises when the uncertainty and insecurity dominate the markets. This is the context of today’s global world economy. Business Ethics research within the organizational sciences provides considerable insight on this topic. However, at present, there is no research that captures the special features of family firms on this topic but also that further understanding on how these core organizational values that ground business behavior and impact business relationship to all its stakeholders are transmitted and sustained over generations. Therefore in this theoretical study a value-based mentorship model of sustaining business ethics is presented based on an integration of business ethics literature, values literature, organizational socialization literature and mentoring literature with family firm literature. The basic premise of the model is that the transmission of the fundamental values held by a family firm in the early stages over generations of owners is a guarantee for long-term sustainability of the ethical standards of the firm, and an important contribution of the study is proposing mentoring as the tool through which carry on the value transmission process. Our purpose in this study is to stimulate research and thinking on family firm business ethics, on the role of shareholders in preserving and extending the distinctiveness of their firms and on mentoring as a socialization method of the fundamental values hold by the family firm to future generations of families in business to ensure family business continuity. Implications of the model and future research directions are outline.
Confronting a Business Ethics Glass Ceiling in Middle East Corporate Governance: Scaling and Tailoring Business Ethics and Governance for Family Enterprises

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Abstract
A persistent question for researchers studying family enterprises concerns the extent to which, the business ethics and stakeholder practices of family businesses – including those in developing countries – differ, if at all, from other types of business entities. The specific ethics issue of corruption and questions of organizational factors influencing corrupt behavior remain a topic of much discussion among scholars. Evidence also suggests that both internal and external change triggers can increase corruption in business organizations.

Stakeholder theory of business organization ethics has played a prominent role in business ethics throughout the last few decades and continues to hold promise as a lens through which family enterprise ethics can be understood. As the theory has evolved to encompass numerous stakeholder groups it has generated much research and moved in descriptive, normative, and instrumental directions, yet still has room for refinement. The importance of proper governance systems as a way of incorporating stakeholder salience and business ethics has been addressed by both general management and business law and ethics scholars.

While there is a wealth of writing on the varied topics of organizational ethics, corruption, stakeholder approaches, corporate governance, and family enterprises, less work has been available that combines these issues. Moreover, this paper aims to, in part, synthesize and tailor existing research and focus on the Middle East and North Africa, a region in the developing world that is often absent from business ethics and corporate governance scholarship, despite its importance and corruption issues. Ultimately, this paper concludes that corporate governance failings and cultural issues in the Middle East, as well as the insular nature of small and medium-sized family enterprises contribute to the prevalence of corruption in the region, as in other developing areas of the world.
“Why Should We Be Philanthropic?”
A Framework of Philanthropic Inclination Among Family Businesses

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Abstract
Arguments from a variety of perspectives suggest that family businesses should in general be more philanthropic than non-family businesses, and there should be large variation within family businesses with respect to attitude toward philanthropy, as well as actual philanthropic investments. We explore both these issues in this paper, and develop a framework based on a systems view of family businesses. Several avenues of future research are suggested as extensions of the proposed framework to spur additional work in this area, leading to prescriptions that are based on stronger conceptualization of family businesses’ role in philanthropy, and vice versa.

An Experimental Examination of Culture and Dynamic Capabilities: Insights from a Simulation Study on Family Firms

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Abstract
The present paper is aimed at testing through computer simulation in system dynamics a model of dynamic capabilities, culture and value creation in family firms developed by Chirico and Nordqvist (2009). New insights emerge when drawing on a culture framework and analyzing family inertia in the model - as a function of paternalism - which negatively impact on dynamic capabilities, although with some exceptions. We conclude that although the cultural characteristic of a paternalistic behavior in family firms can be positive in guiding and training next generation leaders at the beginning of the activity, it may become less crucial if it persists over time preventing change even when it is needed. Scholars and practitioners need to understand the long-term effects of culture and results of actual events, decisions and behaviors, and, at the same time, prevent their negative consequences.

Keywords: Culture, Inertia, Family Business Paternalism, Simulation Modeling
Sins of the Father’s Firm: The Dilemma of Inherited Unethicality in Family Business

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Abstract

Children, generally speaking, love their parents. But given this starting premise, how do children respond when they perceive that their parents have done wrong? Do they confront the parent, overlook the wrong behavior, or find some way to reframe the behavior, to name but three possible responses? And how do these choices play out when they occur within the context of a family enterprise, particularly one that the now-adult child has inherited, or stands to inherit, from those same parents? While family business researchers have made important inroads on a number of fronts (Sharma, 2004), the challenge of inherited unethicality has been effectively overlooked. However, since the possibility of inherited unethicality is potentially part of every family business’s and business family’s experience, it is one that deserves researcher attention.

Our paper will proceed as follows. First, we will document a longstanding under-researched intersect between family business and business ethics research. We then identify one special point of interest within this intersection: the dilemma of inheriting a business that one perceives as having being built on unethical business conduct. Next, using an expanded version of Hirschman’s (1970) typology of the generic responses of exit, voice, loyalty and neglect (Kolarska & Aldrich, 1980), we offer our conceptualization of the key variables at work in this dilemma. A core hypothesis is advanced – to the extent the individual perceives themselves as responsible and perceives themselves as having discretion to respond, they are likely to respond to the wrongdoing. Given recent conceptual work on successor commitment (Sharma & Irving, 2005), we also introduce one moderating influence: affective commitment by the next generational actor toward the business.
Organizationally-Harming Misbehaviors and Organizationally-Benefiting Misbehaviors in Family Firms: Does Family Commitment Make a Difference?

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Abstract
Although most research in behavioral ethics has focused on the organizationally-harming aspect of misbehavior, recent research is extending the focus to also include those behaviors which are not intended to hurt the organization, but rather violate some societal moral code or norm. Due to the nature of family firms and an individual’s inherent connection with the family unit, family firms provide an ideal forum to further examine the potential influence of specific antecedents of organizational misbehaviors. Although less attention has been directed toward the organizationally-benefiting misbehaviors of individual, in this paper we investigate these behaviors further and how they specifically relate to family firms. Specifically, we propose that the level of one’s family commitment in the family firm will differentially impact both the organizationally harming and benefiting components of organizational misbehavior. We develop several propositions in this regard and discuss implications for future research.
Internationalization of Family Firms: A Literature Review

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Abstract

This paper is a review of literature related to internationalization of family businesses. A summary of relevant findings focused on the overarching streams in internationalization research in general is also provided. The analysis revealed the main conceptual internationalization frameworks that have been addressed in family firm research, as well as those that, to date, have not been tapped at all. Overall conclusion is that research on family business internationalization, methods and approaches used in such processes, as well as the differences in these approaches between family and non-family firms, is very limited, as studies were focused on innovation-related and structural internationalization models, while internalization and FDI-expansion has not been investigated in the context of family enterprises. Theses conclusion, as well as the analysis of related topics, lead to several recommendations for future research.
Green New Product Development in Family Firms

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Abstract
Drawing on the social network theory, we propose that the intrafirm networks of family firms have profound impact on a family firm’s ability to involve new stakeholders and acquire new information for green product development. The primary objective of our research is to examine the moderation effect of family firms in select green new product development practices. We tested our hypotheses using by surveying 181 manufacturers from Taiwan. Our analytical results suggest that managerial actions to improve green product development are likely to generate different impacts in family and non-family firms.
Keeping it all in the Family:
An Investigation of Entrepreneurial Firms Transitioning to Family Businesses

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Abstract
Much of the family business research only measures firm performance as a dependent variable, leaving out the family variable inherent in a family business. This paper investigates what happens to firm performance and family relations when an entrepreneurial firm transitions into a family business. Using the Panel Study of Income Dynamics, a longitudinal data set that captures economic as well as family relations data, we identified 102 entrepreneurial firms where the wife or husband owned a business that was the family’s primary source of income. We measured firm performance using the profits of the firm and family relations with a latent construct of family conflict. We measured the firms’ profits and family conflict in 1997. By 2003, some of the entrepreneurial firms became a family business by either employing their spouse or partnering with their spouse while other firms remained a sole entrepreneurial firm. In 2003 we measured profits and family conflict again and found the firms that transitioned to family businesses experienced no significant change in profits but experienced a decrease in family conflict, this relationship held when we added husband and wife education as well as industry as control variables.
Spousal Capital in Firm Emergence: A Gendered Perspective

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Abstract
Spousal capital, a neglected construct in venture creation research is examined. Two spousal capital dimensions were proposed: structure and processes. These dimensions were assessed in year one of firm operation ($N = 109$) and associations with entrepreneurial productivity in year two. Cluster analyses suggested underlying patterns of external vs. internal structure and enabling vs. constraining processes. Female entrepreneurs were more productive when spousal capital was internal; male entrepreneurs were more productive when spousal capital was external. Enabling spousal capital processes benefitted all entrepreneurs.

Key words: cluster analysis; family business; firm emergence; new ventures; spousal capital; social capital.
HRM and Market Orientation Strategies in Family and Nonfamily Firms: How Do They Relate to Competitive Strategy and Firm Performance in an African Emerging Economy?

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Abstract
This study examines how human resource management (HRM) and market orientation (MO) strategies influence competitive strategy and firm performance, and how the relationships differ between family firms and nonfamily firms. Data from 122 manufacturing firms in Ghana indicate that HRM participation strategy is associated with competitive strategy for family firms but not for nonfamily firms. Also HRM participation strategy has a significant impact on profitability for family firms but not for nonfamily firms. Market orientation is positively related to competitive strategy for both family and nonfamily firms. However, there is no difference in the relationship between market orientation and competitive strategy for family and nonfamily firms. The findings show that there is no consistent pattern with regard to the relationships between HRM and MO strategies and competitive strategy, and between HRM and MO strategies and performance, for family and nonfamily firms.

Key words: African emerging economy, competitive strategy, family firms, firm performance, HRM strategies, market orientation.
The Influence of Family Involvement on Firm’s Sustainability:
Empirical Evidences from the Italian Mineral Water Industry

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**Abstract**
Both theory and practise indicate that family businesses have competitive advantages over non-family businesses (Moscetello, 1990) that lead family firms to perform better financially than non-family firms (Lee, 2006, Villalonga and Amit, 2006).

Family firms’ competitive advantages are largely connected to the presence of individual family members (Olson et alii, 2003, Gallo, 2004, Aronoff, 2004) creating particular conditions that impact on family business performance (Sharma, 1997, Chrisman et alii, 2007).

A large body of literature has identified these unique attributes of family firms integrating the Resource Based View (RBV) of the firm with system theory: Habbershon et al. (2003) provide the theoretical basis for explaining how family firms are different from non-family firms and how the difference can lead to competitive advantages.

The aim of this paper is to investigate the competitiveness of family firms through the analysis of a case study (Acqua Sant’Anna - Fonti di Vinadio S.p.A.) representing an Italian success family firm that has become leader in the Italian mineral water market within ten years, outdoing multinational companies (non-family firms).

**Keywords:** family firm, firm’s sustainability, Resource Based View, owner-manager, mineral water industry.
Entrepreneurship and Family Firms: Growth and Survival

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Abstract
Family businesses dominate in a majority of economies (Astrachan and Shanker, 2003; Chrisman, Chua, and Sharma, 2005; Morck and Yeung, 2004). As entrepreneurial activities have been shown to be central to economic growth it is essential that family businesses, irrespective of ownership patterns, not only survive but also grow thus growing the economy overall.

While a great deal is known about entrepreneurial activities and a body of knowledge is being developed in relation to entrepreneurial processes in family firms, more needs to be understood in relation to the dynamics of entrepreneurial activities at the individual family firm level. One area of particular interest is the dynamics within the business and the family and how these dynamics impact upon entrepreneurial activities. Specifically how relationships between and among family members engaged in the business can interact with professional non-family member senior executives. The senior executives can actively use their positions in such ways that initiatives suggested by family members are less successful than they might be.

This paper addresses how ‘family’ aspects of a business can assist or impede the entrepreneurial activities of individuals. It takes into account some of the unique features of family businesses – such as the importance of ‘familiness’ as a competitive advantage; the direct links between ownership and control of a business and the recognition (often implicit) that individuals in families do make a difference to how the business functions (Habbershon and Williams, 1999, Sharma, 2004; and Tokarczyk, Hansen Green, and Down, 2007). This emphasis on individuals in families fits well with the idea of entrepreneur as individual, as expressed by Schumpeter (1934), Baumol et al (2007).

The theoretical approach that adopted to explore the dynamics of processes occurring within family firms is structuration theory combined with a theory of embeddeness (Dacin, Ventresca and Beal, 1999; Giddens, 1979, 1984, Jack and Anderson, 2002; and Sarason, Dean and Dillard, 2006).
Another Wrinkle on the Family Business Performance Question:
Comparing First and Subsequent Generations Firms

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Abstract
The comparative performance of family and non-family businesses continues to intrigue organizational and finance scholars alike. Not only is the topic hotly contested, with strong arguments both for and against the superiority of family firms, but the empirical findings are also mixed. Some studies reveal that family businesses tend to outperform (e.g., Anderson & Reeb, 2003, 2004; McConaughy et al., 1998; Villalonga & Amit, 2006b) whereas others reveal that they tend to underperform (e.g., Claessens et al., 2002; Cronqvist & Nilsson, 2003; Gomez-Mejia et al., 2001; Maury, 2006). One potential resolution, recently articulated by Miler, Le Breton-Miller, Lester and Cannella (2007), draws attention to the very definition of family businesses: when conceptualized in a certain way, such firms may demonstrate a performance advantage; but when conceptualized in another way, this apparent advantage may disappear. Consistent with this logic, these researchers demonstrated that the answer to the question “do family firms tend to outperform family firms?” depends upon whether more than one family member is involved as an owner or manager.

Our work extends this contingent logic by emphasizing another important factor evident across various definitions of family business: i.e., whether the firm has experienced an inter-generational transfer.
Towards an Overarching Model of Conflict in Family Business: Experience, Altruism and Strategic Consensus

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Abstract
This paper analyzes the effect of moderators in the relationship between founder centralization and dysfunctional conflict, such as family member’s experience, altruism and strategic consensus in the startup team of family businesses. Hypotheses are developed based on agency theory and an overarching model of Dynamic Conflict Model is proposed. From a sample of 348 family business start up teams from a Panel Study of American Entrepreneurs, some hypothesis were tested suggesting a high significant relationship (***(p<.001) between Low Family Members’ Experience with High Founder’s Centralization; and Low Family Members’ effort; confirming our hypothesized relationship for Free riding Effect.
Agency Problems in Family Firms

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Abstract
The study of family firms has become very popular in the last decades. From the literature it seems obvious that there exist agency problems in family businesses. However, it is not so clear if they are reduced in family businesses when compared to non-family business. Some studies suggest that family businesses outperform non-family businesses in several dimensions (Jensen and Merckling, 1976, Anderson and Reeb, 2003, Beehr et al., 1997, McConaughy et al., 2001, Gomez-Mejia et al., 2001, and Daily and Dollinger, 1992, among others). On the other side, some authors argue reasons such as managers of family firms not being chosen in a competitive market but because of family ties or that inner family conflict affect the labour relationships, to maintain that family firms are relatively poor performers than the rest (Perrow, 1986, Schulze et al., 2001, Cuculelli and Micucci, 2008). Other authors are in a middle position, not finding clear evidence that show that family firms perform better than non-family firms. What it seems clear is that many of the traditional assumptions and governance mechanisms operate differently when firms are privately owned and family managed (Schulze et al., 2001).

However, as some authors have noted (Dyer, 2006) many of the hypotheses and conclusions about family firms that can be found in the literature are mixed and conflicting because they are studied and applied in very different contexts. Dyer (2006) classified firms according to 4 groups depending on the degree of family assets and family liabilities. Therefore, the analyses on family firms should be focused on different types of contexts. We focus our analysis on different hypotheses related to family firms in the context of low-structured micro-enterprises and try to answer the research questions: Do the traditional agency assumptions (in terms of agency costs and risk attitudes) hold for the case of low-structured family firms? Are agency costs reduced in this context because of family ties? Are the attitudes of the principal and agent towards risk the same in the case of small low-structured family firms than in those publicly owned or in the case of relatively larger family firms?

Key words: business management, fisheries, agency theory, efficiency, stochastic frontiers, family firms, family contracting.
Does Satisfaction with Achieved Economic Performance in Family Businesses Cause Complacency?

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Abstract
Studies in family business have indicated that majority of family businesses emphasize non-economic goals over economic goals (Arregle, Hitt, Sirmon, & Very, 2005; Casson, 1999; Gomez-Mejia et al, 2007). As a result, Mahto et al (in press) suggested that family’s satisfaction with achieved economic performance is a better measure of family business performance. This may be because business-oriented families set higher economic goals versus family-oriented families that place higher emphasis on family goals (e.g. employment of family members). However, both families can have same level of satisfaction with achieved economic performance (assuming their firms’ performance outcome relative to set goals is similar).

The satisfaction with firm performance may reflect whether achiever performance meets the family’s set performance goals. Families are motivated to continue or increase their involvement in family businesses if firm performance meet or exceed their performance goal. By contrast, when firm performance fails to meet the family’s goals, dissatisfaction may reduce family members’ motivation to continue their investment and involvement in the business (e.g. Kuratko et al, 1997).

Some researchers (e.g. Amir & Ariely, 2004) have suggested that satisfaction with achieved performance may be detrimental for future performance if the subject becomes complacent or less innovative. Applying this to family businesses may mean that families, with family businesses that meet or exceed performance goals, will become risk averse or less innovative (e.g. complacent) by setting mediocre future performance expectation for family firms. If this is true then family businesses may become victim of their own success. However, the relationship between satisfaction with economic performance and future performance expectation has not been tested in the context of family business. As a result, we seek to address the following questions in our research:

1. Does satisfaction with economic performance causes family businesses to become complacent? Specifically,
   a. Does satisfaction with achieved economic performance causes family businesses to set lower future performance expectation?
   b. Does satisfaction with achieved economic performance causes family businesses to assume lower risk?
Universities and Family Businesses Linkages: Towards More Effectual Edifice

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Abstract
Family businesses, as well as other forms of entrepreneurship are seen as the principal drivers of economic activity. Recognizing the potential of entrepreneurship for a region or even a country, different government agencies and institutions, including public universities, are actively engaging in activities that will further foster entrepreneurial activity. Universities engage in commercialization of research, technology transfer, and business incubation activities - to name a few. Although the potential of universities is quickly recognized, success of such activities, contrary to expectations, has been lack luster at best. This paper examines university incubation activities in light of the needs represented by family businesses. Specifically, we argue that university-based incubators make a contribution that significantly below their ability. Further, universities are often seen as marginally relevant to the business environment; as slowly changing bureaucracies with their own agenda and reality. In fact Duderstadt, 2001 goes on to say that universities change “one grave at a time” (p.1). This is rather concerning, especially as we observe that our business environment is now a global high paced environment. We examine the role of entrepreneurial and market strategic orientations as agents of change that may serve to make university contribution to family businesses, whether incubator tenant firm or not, more relevant.
Constructing a Definition of and Portfolio Mode of Family Business Success

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Abstract
Our qualitative study sought to understand the meaning of success within the context of the family owned firm. The study, designed to identify success factors that distinguished more successful firms from less successful firms, revealed four significant and three moderate differentiators. Significant among the findings was the role of trust not only within the owning family but also between the family and non-family members of the firm. Implications of the study suggest it may be possible to construct a multi-attribute model of family firm success.
Opportunity Evaluation in Business Families: 
The Case of Honduran Business Groups

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Abstract
This paper employs theories of entrepreneurship to examine the process that business families go through in evaluating opportunities to expand their business portfolio. It focuses on portfolio entrepreneurship, which has previously been couched in terms of the individual portfolio entrepreneur. We extend this theory by taking the family as the unit of analysis and examining how opportunities are evaluated to develop a portfolio of businesses. We draw on a resource based view of the firm, particularly human and social capital theories, to examine factors that influence business families’ activities during evaluation of opportunities. Attention to the role of family also provides new insights into the understanding of fundamental entrepreneurial processes.

This is a qualitative study of six family business groups in Honduras. A multiple case study strategy was undertaken. Each case included interviews with multiple respondents from different generations of the same family plus associated non-family members. Data analysis employed interpretative methods. Findings demonstrate that opportunities are evaluated using a collective approach. Informal sources of information take precedence. Social capital is important in providing access to information for evaluation of opportunities. The social capital of younger generations is drawn upon to provide technical and specialist information. The approach to evaluation is influenced by “family ways” that are peculiar to each family and passed on from older to younger generations from childhood.
An Economic Tournament Model of Nonfamily Managers’ Compensation in Family Firms

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Abstract
Nonfamily managers’ compensation in family firms remains under researched and studies have not yet linked elements of tournament theory with the managerial compensation for nonfamily managers in family firms. In this paper, we compare the managerial compensation decisions of family and nonfamily firms concerning nonfamily managers. We suggest that external forces (i.e. managerial labor market involving nonfamily public firms hiring managers) can affect nonfamily employees’ compensation in family firms. Specifically, we argue that family firms need to offer nonfamily managers higher compensation than nonfamily firms do. We also argue that as the number of nonfamily firms hiring managers increases, family firms should increase the compensation for nonfamily managers. We build on tournament theory to develop an economic model of managerial compensation in family firms concerning nonfamily employees. We conclude by discussing further research implications.
Daughters in Family Business: Quantitative Assessment of the Impact of Family Relationships on Their Participation in the Family Business

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Abstract
The goal of the proposed research is to quantify the impact of the family relationship on daughters, specifically in the second and third generations, regarding their decision to participate in the family business. Leveraging the research model by Lee (2006), the outcome variables will include organization commitment, job satisfaction, life satisfaction, and propensity to leave. The Family Climate Scale (Bjornberg & Nicholson, 2007) will be implemented to assess the family relationship across three factors - Intergenerational Style, Family Cohesion, and Family Process.
The Role of Family Influence in the Sale Process: A Qualitative Study of Family Business Sales

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Abstract
Most research on business sales focuses on the buyer side and business related reasons for the sale. In this study we analyze the sale from the perspective of the seller, i.e. family business owners. Family business owners are likely to have a strong position in the sale process and often follow different goals than non-family business owners. However they are frequently found dissatisfied after sale and are confronted with after sale family conflicts. Therefore it is interesting to analyze the relevance of family influence for a successful sale and family satisfaction after sale. This qualitative study provides novel findings from a unique sample of twelve at least second generation family owned businesses that were sold to external buyers. Our empirical study indicates that a satisfactory sale is determined by inner familial characteristics, i.e. family cohesion and family commitment to the business and the perception of pressures within the sale process.

Keywords: family business, sale, satisfaction
An Exploration of Corporate Venturing Goals
Within the Family Firm

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Abstract

“I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company’s existence, we have to go deeper to find the real reasons for our being.”
- David Packard (1960).

Internal Corporate Venturing (ICV) goals of family firms are analyzed based on a qualitative study of 6 companies. Semi-structured interviews with the owners and managers of the 6 family firms provide in-depth details on the goals for 24 internal ventures. Data analysis of transcribed interviews identifies both within-case and across-case themes that allow for development of 10 testable propositions surrounding family firm venturing goals. Overall family firm venturing goals are consistent with traditional economic business venturing goals such as growth and profitability. Our analysis also indicates, however, that family firms adopt many non-financial venturing goals, and that venturing activities may assist in the succession process.
A Comprehensive Assessment of Family Business Research

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Abstract
This paper is an overview of family business research in the years 2001-2007. We include conclusions and recommendations for future research based on our analysis of individual and institutional contributions to family firm research, network relationships among family business scholars, content analysis of the family firm publications according to a classification of primary topic areas, analysis of the methodology employed in empirical family business studies, and a summary of family firm publications in non-management journals.
Antecedents of Potential and Realized Absorptive Capacity in Family Firms

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Abstract
Realizing that most competitors within an industry have acquired the same level of competences, many family firms have begun to look at innovation as a key differentiating factor for competitive advantage (Rogoff and Heck, 2003; Aldrich and Cliff, 2003; Kellermans and Eddleston, 2006). Innovation has largely been operationalized as new products (Tsai, 2001). Product innovation is the ability to modify existing products or build new ones to enable an organization to adapt and renew itself in changing market conditions (Schoonhoven, Eisenhardt, & Lyman, 1990). It draws primarily on the firms’ existing knowledge base in which new and existing knowledge is applied to commercial ends (Kim & Kogut, 1996; Deeds et al., 2000). However, knowledge as a strategic resource is largely dispersed (Grant, 1996) and, as this implies, not all relevant knowledge reside within individuals within a particular firm. Part of this knowledge reaches the firm from external sources.

Hence, absorptive capacity (AC) -as the ability to explore external knowledge (potential absorptive capacity, PAC) and exploit knowledge internally (realized absorptive capacity, RAC)- is a critical antecedent of product innovation (see March, 1991; Cohen and Levinthal, 1990; Zahra and George, 2002). This approach to organizational knowledge reconfiguration closely resembles the Schumpeterian view of innovation whereby “development … is defined as the carrying out of new combinations” (Schumpeter, 1934: 66). AC is thus critical to a firm’s long-term survival and success since it can reinforce, complement, or refocus the firm’s knowledge base.

More specifically, we examine how internal social capital and knowledge heterogeneity influences a family firm’s PAC and RAC. Strong family social relations based on an history of interaction and kinship ties foster mutual understanding among family members, thus creating tacitly understood rules for appropriate action. This contributes to common codes of communication and dominant values which encourage internal knowledge exploitation (Arregle et al., 2007). However, the closure of family social capital may also constrain the inflow of new knowledge and limit knowledge exploration by leading family members to ignore new external sources of information (c.f. weak-tie vs. strong-tie theory, see Granovetter, 1973; Barney et al., 2003). Secondly, prior research reveals that family firms commonly lack heterogeneity in their knowledge (Sirmon and Hitt, 2003). Since people with different expertise increase the prospect that incoming information will relate to what is already known for external knowledge exploration, but they may also find difficult to communicate and thus be involved in interpersonal conflicts during internal knowledge exploitation (Shaw, 1976; Knight et al., 1999), knowledge heterogeneity among family members is also considered.
Does Owner Orientation Drive Family Firms Orientation?

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Abstract
Family firms seem to be different from non-family firms. They might be less entrepreneurial and more family oriented or have an own family-specific strategy. The question in this context is why we can observe this phenomenon. We explain that the individual orientation of previous, current and future owners of a family business might be the key to those differences. To find evidence for this assumption we researched at this point ten family businesses and all involved family members. The sixteen interviews show that the owners and their orientations drive the strategy and orientation of family businesses strongly. The interaction of individual, family and company interests might explain why family firms are different from non-family firms and do not fit exactly in concepts like entrepreneurial orientation or family orientation; instead their has to be developed a diversified concept as mix of both orientations.
Born to Innovate? Birth Order and Innovation Among Family Business Successors

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Abstract
In recent years, there has been a surge in evolutionary-based theorizing of family business and entrepreneurship (Nicholson, 2008; Gordon & Nicholson, 2008; White, Thornhill, & Hampson, 2006) and organizational behavior (Colarelli, 2003; Lawrence & Nohria, 2002; Nicholson, 1998, 2000; Nicholson & White, 2006; Van Vugt, Hogan, & Kaiser, 2008). Following the same spirit, and commemorating the 150th anniversary of Charles Darwin’s revolutionary treatise The Origin of Species (1859), this article applies biological principles to investigate the effect of birth order on the degree of innovation promoted by family business successors. Specifically, it seeks to understand whether a successor’s birth order affects his or her propensity to champion innovative strategies for the firm, and whether the personality dimension of openness to experience moderates this relationship.
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